

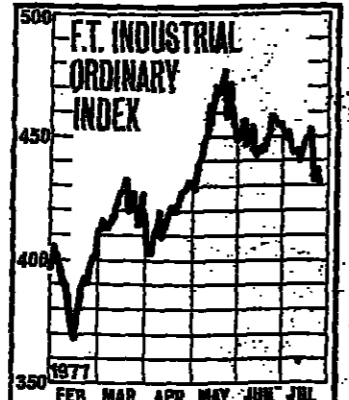
CONSTRUCTION

## MARKETS SUMMARY

### BUSINESS

#### Equities slip 7.1; \$ still nervous

● EQUITIES lost ground, with sentiment unsettled by political



The FT Industrial Ordinary Index closed at 430.3, off 7.1 from 461.4 on 26 July. The index was down 0.02 to 67.25.

● U.S. DOLLAR touched a new low against the West German mark of DM2.2435, before closing at DM2.2470. Canadian dollar fell sharply, slipping below 94 U.S. cents for the first time in seven years. U.S. dollar's trade-weighted depreciation improved to 1.85 (2.06) per cent, apparently reflecting the Canadian currency's weakness. Sterling gained 0.01 to \$1.7203, while its trade-weighted index remained at 60.6.

● GOLD fell 50c to \$197.57. ● WALL STREET was down 1.67 at 497.57 near the close. ● U.S. TREASURY Bill rates at this week's auction: three-5.183 (5.214), six-5.364 (5.435) per cent.

### Inflation likely to slow down

● RATE OF INFLATION in prices should start to decline soon and continue to decline until, perhaps early spring, predicts the Price Commission. Bank and Page 31

● BRITISH GAS, which has reported a \$11.5m profit for last year, is seeking Government approval of a financial target which would give it greater freedom to make profits and build up reserves for investment. Page 8

● SHELL AND ESSO have stopped oil production from Auk Field in the North Sea for routine maintenance. Their Brent Field output stopped last month. Page 8

● U.K. ENERGY bill rose 20 per cent to over £13.5bn last year. This means nearly £250 was spent on energy for every man, woman and child in the country, compared with £100 five years ago. Page 8. More use of coal may affect the atmosphere and gradually make the world hotter, warn U.S. scientists. Page 8

● SACRES AG's main operating subsidiary in West Germany more than doubled profit last year to DM45m (£10.5m). GKN

● BEAVERBROOK Newspapers made an estimated loss of not more than £1.7m in the year to June 30. Page 31

● BANK customers could face further increases in charges, according to Mr. Alex Dibbs, chief executive of National Westminster Bank. He said his bank had no application before the Price Commission but was keeping its charges under review. NatWest reported first-half pre-tax profit of £109.95m (£80.13m). Back Page. Results, Page 29 and Lex

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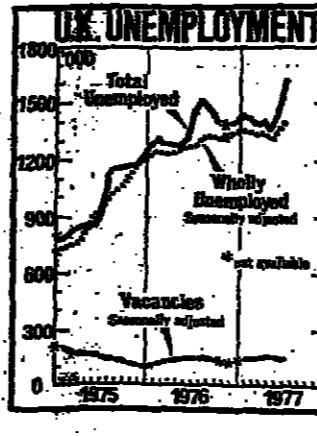
## Unions renew call for reflation as jobless tops 1.6m.

BY MICHAEL BLANDEN

The number of people out of work in the U.K. jumped to a post-war record of over 1.6m. this month, and the figures immediately sparked off a strong attack on the Government from union leaders and the Opposition.

The increase comes at a difficult time for the Government, as it is attempting to ensure a measure of restraint in wage claims after the end of the Phase Two pay policy. The news brought an immediate response from Mr. Len Murray, general secretary of the TUC, who said that the figures reinforced the demand for more action to boost the economy. The call for further reflationary measures was repeated in stronger terms by other union leaders.

In the Commons Mr. James Callaghan acknowledged that the figures were disappointing, but claimed that the Government's policies were succeeding. This aroused strong protests from the Opposition, with Mrs. Margaret Thatcher challenging the Prime Minister to accept responsibility for high unemployment. For the Confederation of British Industry Mr. John Methven said the figures were a reflection of the Government's failure to curb inflation. The sharp rise of 163,901 in unemployment this month reflects a large increase of over 104,000 in the number of school leavers on the register to a total of 253,378. This is the peak month for the special problem of youth unemployment which is expected to be reduced in coming months as the leavers obtain jobs.



U.K. UNEMPLOYMENT

The Government may find it even more disturbing, however, that the underlying trends in the labour market have taken a marked turn for the worse, with an increase in the number of adult unemployed and a drop in the vacancies available. Total adult unemployment in the U.K. rose by 40,900 in the past month to a post-war peak of 1.39m, on a seasonally adjusted basis, equivalent to 5.9 per cent of the work force. In Great Britain alone, the figure was 1.34m, or 5.8 per cent. At the same time, the number of vacancies notified to employment offices — mainly for adults and usually regarded as a good measure of the temperature of the labour market — dropped.

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## Heath defends Maudling over Poulson strictures

BY RICHARD EVANS, LOBBY EDITOR

MR. REGINALD MAUDLING, Mr. Heath said that Mr. Maudling had given great service to the country in high offices of the total backing of his one-time State. In his view the Select Committee had misconstrued the position and its members had who should be supported," Mr. Edward Heath declared.

Mr. Maudling and Mr. Albert Roberts, Labour MP for Normanton, were defending themselves against the strictures of an all-party Select Committee of MPs on their links with Mr. John Poulson, the architect jailed for corruption. After a vigorous defence of his actions and an attack on the specific criticisms made by the Select Committee, Mr. Maudling, former Home Secretary, received support from his fellow Conservatives and from some Labour MPs.

But it was the unqualified backing of Mr. Heath that made the greatest impact. The former Prime Minister said he had wondered whether it was right for him to accept Mr. Maudling's resignation as Home Secretary at the time of the Poulson investigation, but Mr. Maudling had insisted.

## Lords reverse Gouriet appeal

BY DAVID FREUD AND JOHN LLOYD

THE House of Lords yesterday ruled against the right of a private individual to bring an action in the civil courts to stop a threatened breach in the law. It thus overturned a decision taken six months ago by the Appeal Court in favour of Mr. John Gouriet, administrative director of the National Association for Freedom, allowing him to obtain an injunction against the Union of Post Office Workers because of the union's expressed intention to black mail for South Africa.

Mr. Gouriet said it was "a black day. The law has been made a mockery. It now seems it no longer stands above the Attorney-General."

When Mr. Gouriet first attempted to bring his action in January, Mr. Sam Silkin, the Attorney-General, refused his consent to the application. Lord Denning criticised Mr. Silkin, saying that he had attempted to put himself above the law.

The issue became a party political one, with Conservatives criticising Mr. Silkin for going beyond his powers. Mr. Silkin, however, claimed he followed accepted practice, citing similar action taken (or rather, not taken) by the Conservative Attorney-General, Sir Peter Rawlinson, in 1971.

Mr. Gouriet said yesterday he was considering an appeal to the European Court of Human Rights at Strasbourg. The appeal would be made under Article Eight of the European Convention on Human Rights, which covers the rights of individuals to their mail. Mr. Gouriet said the Lords' decision meant that if the Attorney-General, as the first law officer of the Crown, refused to consent to the application, it had been the accepted practice that he had

## Somalia to get arms from U.S.

BY JAMES BUXTON

IN A further reversal of great power allegiance in the Horn of Africa, the U.S. announced yesterday that it has agreed in principle to provide arms to Somalia, whose armed forces have been equipped by the Soviet Union for nearly 15 years.

Mr. Hodding Carter, the State Department spokesman, said that the U.S. would act with other countries to provide defensive weapons to Somalia in an effort to show Somalia that it need not depend completely on the Soviet Union for supplies. He said that Somalia approached the U.S. along with "several other countries" some months ago in an effort to diversify its sources of supply after the Soviet Union began supplying equipment to Somalia's traditional enemy, Ethiopia.

The U.S. would confine its aid to weapons needed to help Somalia defend its present territory, the spokesman said. He made clear that the U.S. did not support Somalia's claims to parts of eastern Ethiopia, where fighting between Ethiopian Government troops and Somalia-backed guerrillas has escalated in the past few days.

The other countries approached by Somalia were not named. The State Department said that the arms would not be supplied on grant terms, but the U.S. might possibly make the sales under easy repayment terms. The type of arms involved was not disclosed.

The announcement of the U.S. agreement is likely to be a further blow to the Soviet Union, which has been told by President Siad Barre of Somalia to scale down its programmes in the country, where it uses naval and air base facilities which give it a commanding position at the entrance to the Red Sea and the Indian Ocean.

The announcement is unlikely to make an immediate difference to the present military situation in the Horn of Africa, where Somalia fears that Ethiopia may be planning a pre-emptive strike against it. Naturally, Soviet-made equipment is not compatible with U.S. equipment and a complete change-over and retraining would take several years — a problem also faced by Ethiopia, which until early this year had been supplied with U.S. equipment.

Somalia's most pressing need is for ammunition and spare parts for its existing equipment, for which it has relied on the Soviet Union. There have been reports that spare parts have been promised by Arab states using Soviet equipment such as Egypt and Syria.

Over the past few years the reputation of politicians as a whole has suffered and it would be a grave mistake if firm action was not taken. "We will be accused of whitewashing members who have misbehaved," Mr. Strauss warned.

Among other amendments being debated were ones from some Conservative MPs calling for the Government to take note of the "report" and others calling for both MPs to be expelled immediately. Parliament Page 16

## Optimism over new plans on devolution

BY RUPERT CORNWELL, LOBBY STAFF

THE GOVERNMENT is optimistic of a more successful outcome for the new devolution legislation it will introduce this autumn, to replace the first Bill which collapsed with the defeat of the vital timetable motion, last February.

The changes outlined yesterday to MPs by Mr. Michael Foot, the Minister in charge of devolution, include separate Bills for Scotland and Wales, a curb in the powers of the Scottish Office in London, and alterations in the financing arrangements of the future assemblies.

In a White Paper the Government gives detailed reasons for rejecting as impracticable the idea of independent revenue-raising powers for the new administrations, although it does promise to look "sympathetically" at any schemes they themselves may come up with for supplementary taxation.

But cash allocations for devolved expenditure will be made on a four-yearly basis to avoid the risk of an annual haggling over funds between the Treasury and the assemblies implicit in the first Bill. The Government also hopes for more stable relationships between the assemblies and Westminster by setting up an independent advisory Board to provide financial expertise if needed, and by establishing a joint council for Scotland and Wales, on which representatives from both sides could consult and head off potential disagreements.

Despite Mr. Foot's assertion yesterday that both Bills have equal priority, his new scheme is generally seen by MPs as significantly improving prospects for Scottish legislation, but making the chances of Welsh devolution more remote. Present plans are that both measures should receive the second reading on their principle on November, soon after the new session begins. The all-important guillotine motion would be introduced shortly afterwards and if successful referendums would be held in the two countries.

The two main reasons for official confidence are the support Mr. Foot is now guaranteed by the Liberals, and his belief that he will be able to rally enough of the 41 Labour backbenchers whose opposition or abstention condemned the first Bill. Last night Mr. David Steel, the Liberal leader, said his party would support the Scottish package.

At the same time Mr. Foot was determined to ensure a majority. The Welsh proposals were endorsed by Mr. Emylyn Hooson, MP for Montgomery and leader of the Welsh Liberals. At the same time Mr. Foot was dropping heavy hints in the Commons that the Cabinet was ready if necessary to make the guillotine vote as a matter of confidence — as both Welsh and Scottish Nationalists are demanding to ensure a majority.

After warning that a defeat of the new proposals would be a disaster for the whole country, he continued: "The Government is determined to use all its powers to get the measure through."

Although few MPs were prepared to make firm forecasts last night after the misadventures of the first Bill, simple Parliamentary arithmetic and the slightly less hostile reception Mr. Foot received yesterday in the House suggests that Ministers' optimism could be justified. Of the 11 Liberals who opposed the guillotine in February, 10 at least now will back the Government. This leaves only a few of the rebels to be called on to pull into line to reverse the 28-vote defeat of the first timetable motion.

## Scottish Labour relief

BY RAY PERMAN

THE WHITE PAPER and Mr. Foot's statement were greeted with visible relief by the Labour Party in Scotland. It had been living in fear of a General Election since the guillotine defeat of the first Bill robbed it of the major plank in its electoral platform. Mrs. Helen Liddell, party political secretary, said that almost all of the Scottish executive's representations had been included in the revised proposals. The Scottish TUC was equally pleased. Mr. Jimmy Kirkwood, assistant general secretary, said he was confident the proposals would achieve a wide degree of support. But the Scottish CBI and the Association of Chambers of Commerce repeated that any form of elected assembly would be disastrous for industry and trade. Our Cardiff Correspondent writes in Wales the revised proposals were cautiously welcomed by Plaid Cymru as a small step in the right direction. But party officials said grave suspicions were bound to remain over the decision to split the two Bills.



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BOMBARD

The Budget of a thousand cuts

BY DAVID BUCHAN

THE BRUSSELS Budget Commissioner, Mr. Christopher Tugendhat, described as "death by a thousand cuts," the treatment meted out last week to his 1978 EEC Budget proposals by Ministers of the Nine. The Council pruned the Commissioner's proposed 22 per cent overall increase to 12.5bn. European Units of Account (EUA) back to a 13 per cent rise to 11.6bn. (EUA) (£7.54bn).

Given these straitened economic times, that reduction may not seem dramatic. But it was the totally lopsided nature of the council's cuts that aroused the Commissioner's ire. Yet again, agricultural expenditure escaped the knife. "Non-obligatory expenditure"—the Brussels jargon for spending that does not stem directly from the Treaty of Rome and which in effect means almost everything but agriculture—was actually cut by 0.3 per cent from this year's level.

The Commission had asked for a 40 per cent increase in this category, which includes the regional and social funds, energy and industrial policies, and development aid—precisely to prevent the weight of agriculture in the budget (71 per cent of this year) from increasing further.

Long road Of course, the budget still has a long road to travel: it will only be finalised in the last days before Christmas. By then the European Parliament—which as usual regards the cuts as unacceptable—will have had its chance to restore at least part of them.

But the "first reading" of the Budget by the council in July, which formally establishes the budget, is not the end of the matter. It sets the tone for the rest of the long-drawn-out procedure. It comes as an obvious blow to the Jenkins Commission, which has talked long and long of the need to prevent the Community becoming a type cast at nothing more than an outside farm-marketing board.

Put into sharper focus this year was the almost traditional reluctance of the Budget council to fund policies which have not yet been decided. This reluctance is understandable for the extent and it was for this reason, for instance, the Commission's spending plans on energy were dealt with so harshly last week. But there was an extra question-mark this year caused by the review to take place later this year on the future ground rules governing the regional and social funds. Indeed, the Germans, who were prime movers behind cutting the Commission's proposals for regional fund commitments in 1978 from 750m. EUA to 385m. EUA, even argued that there was as yet no legal basis for any

extra. 5.35 Magic Roundabout. 5.40 News. 5.55 National (London and South East only). 6.20 Nationwide. 6.50 The Wednesday Film: "To Sir, With Love," starring Sidney Poitier and Judy Geeson. 8.30 It Ain't Half Hot Mum. 9.00 News. 9.25 Medical Story. 10.15 The Risk Business. 10.55 Commentator's Choice. 11.35 Weather/Regional News. All regions as BBC 1 except at the following times: 9.30 a.m. Summer School. 10.15 Mystery Movie: Banacek. 11.25 Singsong. 11.55 Regional News. 12.10 News on 2. 12.30 The Selling Line. 1.10 News on 2. 1.40 One More Time! 2.10 Brass Tacks. 2.40 The World of Peter Rabbit. 3.25 "Where Adam Stood," play by Dennis Potter. 10.40 Home, Sweet Home: Adelina Patti at Craig-y-Du.

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RACING BY DOMINIC WIGAN

Better luck for Piggott to-day

LESLIE PIGGOTT, out of luck over last year's second and third, Free State and Posner's beaten mounts included the 7-2 Moon. First mount of the afternoon on this field led out on each of his winning appearances and the partnership seems likely to prove too strong for Westley's Hever as well as Zwickow, whom Piggott rode to a narrow Newmarket victory last time out. Dionina, slowly away and then denied an opening close home when fourth at Brighton on her most recent appearance, looks weighted to win the Singleton Handicap with only 7 stone 3 lbs in the saddle, while another unlucky in running last time out, Fast Frigate, is suggested for the Heywood Handicap.

GOLF BY ROGER PAUL

Walker Cup squad strongest yet

GREAT BRITAIN and Ireland (East Renfrewshire), Alan Walker (Balmore), Gordon Murray (Ferenese), Ian Hurd (Mossburn) and Steve August 26-27 at Stinches Hill, New York. The team is: Peter McEvoy (Hawthorn) and Michael Hill (Copt Heath), Sandy Lyle (Hawthorn), John Davies (Sunningdale), Peter Deebie (Almuth), Michael Kelly (Scarborough), Paul McKelzar (Scarborough), Alan Walker (Balmore), Gordon Murray (Ferenese), Ian Hurd (Mossburn) and Steve August 26-27 at Stinches Hill, New York.

SALE ROOM BY ANTONY THORNCROFT

A pair of lions for £5,800

THE TWO DAY sale organised by Christie's for the former home of Mr. and Mrs. Bruce Bredin at Doncaster, Co. Kildare, ended yesterday with a total of £194,114. All the 600 lots were sold, with 80 per cent of them going to Irish buyers. The top-price artwork was the '£5,800 for a pair of 19th century Italian marble recumbent lions, while a set of four Italian stone herms of deities went for £3,000. A portrait of a marshal of France by H. Rigaud sold for £2,600, and the London dealers Fawcay and Payne acquired a river landscape by George Barrett for £2,000.

CRICKET BY TREVOR BAILLIE

Packer players may be banned from Tests

THE INTERNATIONAL cricket conference met at Lord's yesterday to discuss "the Packer peril," which, though it stemmed initially from an internal dispute over the television rights of cricket in Australia, now adversely affects, in varying degrees, all the Test-playing countries. When he was unsuccessful in his bid, Mr. Packer secretly signed up most of the present Australian XI, several former Australian cricketers and some 30 of the best players in the world by the simple expedient of offering them more money than they could obtain in any other way from the game.

GARDENS TO-DAY

Variations on a theme of white flowers

VISITING SOME of our many great private gardens, I am struck by their small ideas which you and I could easily apply at home. We could grow up a staid old fruit tree or plant plain old Cherry Pie in pots as a scented house plant or as a plant beside doors and windows. We could be more clever about colour; we could also, I think, be bold with white-flowered plants, a fashion which stretches back beyond the great garden at Sissinghurst Castle, Kent, but which was made famous there in a garden of white flowers which I see still to be the best smallish piece of a garden in the country.

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Television

Danger—men at work

by WINSTON FLETCHER

When it comes to matters that matter to us, we all feel that television is unfair. It plays too little attention to our personal problems and predicaments; and when it does pay attention it misunderstands and distorts them.

Businessmen grumble about television on all counts: considering its importance to the wealth of the nation, and indeed to the majority of the adult population's daily lives, industry and commerce seem to be woefully neglected. Worse still, when they are portrayed the image is a shallow, blundering one, stressing the melodramatic cliché aspects of business life (power and prestige, devotions and dishonesty) at the expense of the real core of continuous routine hardwork.

Much of this stems from the eternal media dilemma: dog bites man versus man bites dog. The programme planners have a shrewd suspicion that not too many viewers would be gripped by the tense and tempestuous drama of an accountant pointing over a balance sheet, or the bitterly poignant saga of secretaries about to make the morning coffee and discovering—oh, suffering—that there's no Nescafé in the cupboard. Businessmen claim, gets as much time as it justifies from a mass medium (and maybe too much); and within the constraints needed to dramatise and entertain, they feel that business is treated fairly and dispassionately.

My view is that these days (it is not to be so) business and industry in the widest sense do get their fair share of the national peak time available. Last week more than a dozen programmes dealt broadly with the difficulties mankind faces in earning its daily loaf. The problem is not quantity, it is quality: particularly the quality of the factual or documentary—views of life, industry.

Significantly, television is usually marvellous at depicting the simple, earthy toils and tribulations of honest-to-goodness folk scratching a living from the nature. It is not so good at describing the less romantic, more sophisticated labours of executives—whose productive output is more nebulous. Two last week's documentaries exemplify this perfectly.

Easily the finest documentary of the week was Westward's *The Last Hunters* networked over ITV. The dangerous struggle of small-boat Cornish mackerel fishermen to bring home the catch was portrayed with sympathy and loving care. In-late photography splashed pervasive waves into our living rooms, as a fisherman cher intoned the life-and-death risks. The film reeked of

puritan ethic ("If you don't work you don't get anything. It's a challenge"); but it dodged the critical issue. These fishermen, you may remember, sailed up the Thames in June to protest against the "vacuuming" of Cornish fish by the massive EEC and Russian fleets. Foreign fleets took 600,000 tons of mackerel from around our shores last year while our West Countrymen landed only 30,000 tons. The sympathies of *The Last Hunters* (note the emotive but ludicrously inaccurate title) were wholly on the side of our gallant Cornish fishers, despite the fact that they willingly admitted that their prime objective was to protect the small fortunes they make from their fishing.

But what of the EEC and Russian boatsmen? Don't they work just as hard and as dangerously, probably for lower rewards? No, presumably, are the fish they catch being wastefully squandered: doubtless millions of hungry people eat them, and mass-vacuuming ensures that they can buy them cheaper and fresher than would remotely be possible if hand-caught Cornish fish were all that were available.

Whatever the rights and wrongs of this complex issue, the point is that *The Last Hunters*, superbly made though it was, was unashamedly partisan: small is beautiful, mechanised is ugly, efficiency is unromantic, primitive is praiseworthy, tradition is tops. These are the values with

which documentary makers and writers seem easily able to identify. For when it comes to making films about real, hardosed industry you immediately sense uncertainty and unease. The writers and directors find it difficult to be wholeheartedly committed in the uncompromising way that the makers of *The Last Hunters* were. They may desperately wish to understand and share the businessman's joys and sorrows; but in the end they can rarely resist a slight snigger, the maverick flicker of a sneer creeping into their minds and voices.

Take for example Granada's well-meaning current *World in Action* series: *Nuts and Bolts of the Economy* (Mondays). These programmes aim to show the slings and arrows that a British salesman's flesh is heir to when he tries to sell our goods in Japan. Fine. Unquestionably *World in Action's* producers sincerely believe they are doing their bit to educate the public into comprehending how difficult and often unpleasant it is to build up business in a hostile alien environment.

Yet somehow smiling Mike Scott seems to be mocking the salesman's fooling efforts. The viewer is never invited or expected to empathise with them. Our native distaste for trade cannot, it seems, be buried. Not that this unhappy state of affairs exists merely on television; it is just as prevalent

among novelists, academics and intellectuals of all sorts—a no-Englishman, I'll take a tiny wager, could have written Arthur Miller's intensely compassionate "Death of a Salesman."

Which neatly brings us to the fictional business in television drama. If television documentaries are less than brilliant at reflecting the realities of commerce and industry, its fictional counterparts are invariably deplorable. I was never a paid-up member of the *Mogul* and *Power Game* fan club. Taut, gripping, view-alike—undoubtedly a sneer in my opinion (to begin to get back to where we came in) they gave an inaccurate, misleading and unfortunate picture of business and businessmen. Ambition, cunning, ruthlessness and even daring were there aplenty. Wit, fun, charm—let alone humanity—were nowhere in sight. I wish that those who write so reitlessly about business could attend as a fly on the wall a few major company Board meetings. They're serious, of course; but difficult to often unpleasant it is to build up business in a hostile alien environment.

Still, compared to the current crop of fictional business offerings *Mogul* and *The Power Game* appear positively Baroque. It is hard to believe that even its creators could love *The Foundation* (ITV, Friday)—an everyday story of a simple millionaire tycoon's widow and of her inherited financial empire—replete with such appalling lines as "We'll have to look at the return on capital investment and that sort of malarky," and "Egos are human beasts, they need feeding."

Nor sadly, am I one of the millions who seemingly find BBC's *The Fall and Rise of Reginald Perrin* (Tuesday, repeats) an endless riot of uncontrollable belly laughs. Once again, as with *Mogul* and *The Power Game* the hen-pecked, feeble suburban executive commencing daily on an amateurishly back-projected train predictably crossworded with his cliché fellow passengers (not regrettably fellow travellers) is far too stereotyped, too obvious and too unrealistic to be really amusing.

There are, of course, straightforward explanations why television is not too good at reflecting business. In addition to the historical, cultural distaste for trade, there is a widespread lack of knowledge and understanding of the considerable complexities of modern industry. Then, businessmen themselves tend to be secretive and as John Methven has pointed out, are deeply cautious in their dealings with the media, particularly television. Finally, businessmen probably watch television less than the majority of the population and so care less about its content than they do about their newspapers, which they read assiduously.

Not that businessmen should want or expect uncritical sycophancy from the box. (They don't get it from the Press.) It is simply that, like the lepidopterists and lacrosse-lovers, they are seldom likely to be understood, and appreciated, a little more.



Leonard Rossiter and Pauline Yates in 'The Fall and Rise of Reginald Perrin'

Augustine's Kilburn/Radio 3 Monteverdi Vespers

Once again a double Prom was shared between St Augustine's Kilburn and the Round House on Monday night. Immediately after the performance of Monteverdi's Vespers, half of the audience which had crammed the church set off for the railway shed to hear Maxwell Davies's St Augustine's. St Augustine's has a elegant interior, after dark mysteriously suggesting more pace and distance than can really be there—the lighting could be warmer and kinder without destroying this feeling of space. Music, even with Monteverdi's part-writing sending forth vocal and instrumental roots in every direction, is exceptionally clear—just enough resonance for bloom without confusion. Andrew Parrott, conducting

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Have your car made on page 27. ASTON MARTIN logo.

Round House Prom/Radio 3 St. Magnus

The first performance last month of Peter Maxwell Davies's new chamber opera *The Martyrdom of St. Magnus* was described at length on this page by Max Loppert. It was presented then in St. Magnus's own cathedral, an imposing edifice of red and yellow sandstone that stands in Kirkwall, the capital of the Orkneys—by all accounts a magical setting, its narrow nave and massive Norman pillars, pale under a northern sky, austere and beautiful. As an informal workshop venue for theatre and music, the Round House serves its purpose well; but as a concert-place it has no magic. I remember the impact of Jean-Claude Eloy's big electronic tape-piece *Shanti*, which I first heard at midnight by candlelight in the romanesque abbey of Sablonceaux near Royan, dispersed entirely among the railway rafters of the Round House. And no doubt something of the essence of Davies's miracle-play, too, was lost on its journey from the Orkneys cathedral to London railway-shed. At its second performance on Monday night given by the original singers and players as a Round House Prom, and also broadcast live on Radio 3, it seemed a compelling but flawed

piece, full of felicities, full of surprises, but lacking a sense of real dramatic alchemy, of dramatic firmness and cohesion—a curate's opera rather, fascinating pot-pourri, magical in parts. The dramatic thread, carried by a row of instruments, is less than taut. More vividly than the whole, one remembers a music of moments, bright musical flowers—sudden blossoms, sound-petals unfolded with marvellous refinement and economy: the songs of Magnus, the saint, simple melodies moving stepwise against gentle instrumental combinations, muted trumpet and cello, flute and guitar; a brilliant swirl of solo guitar accompaniment; a key instrument in this score, superbly treated: a reverie of flute, clarinet, cello and celesta, ecstatically intertwined; the beautiful accompaniment to the final scene, as Blind Mary prays for sight, before the tumultuous levitation of the tomb of St. Magnus, a delicate web of tiny unsynchronised figures in close-cut ostinato. Praise once more for the excellent Fires of London, directed by the composer, and for the dedicated work of the singers, Mary Thomas, Nell Mackie, Michael Rippon, Brian Rayner Cook and Ian Comboy. DOMINIC GILL

Bush Rosie. Rosie is an alcoholic prostitute recounting her sad life story to an invisible friend she has not seen for 20 years. As the location is switched successively from smart restaurant to less than smart bar to seedy railway tavern and finally to a car-ride on a bleak motorway, so the details of Rosie's decline become more graphically repulsive and unfortunate. Her fantasy ambition was to be a violinist but her pigskin father set her to work on a catering course and a thankless job in hotel reception. Her relationships with men form a gruesome catalogue of sexual and emotional disaster, until a fat chef reduces her to a forlorn state of submissive humiliation and, finally, a smooth pimp despatches her to the streets. Now a victim of a fearful gang-bang, the noise of the traffic rises to an ecstatic crescendo while soiled images of all the

East Berlin

Mahagonny by ELIZABETH FORBES



A scene from 'Mahagonny'

Having been baulked once from seeing the Komische Oper's new production of *Aufstieg und Fall der Stadt Mahagonny*—I arrived in East Berlin to find the programme had been changed to *Piddler on the Roof*—I was all the more determined to discover what Joachim Herz, recently appointed Director of Felsteinstein's theatre, has made of the Brecht/Weill masterpiece. This time my luck held.

The show starts in the street outside, where a beat-up vintage Mercedes—presumably the car abandoned by the Widow Begbick and her accomplices—is the object of admiring attention. Upstairs in the foyer an exhibition of photographs, posters and advertisements of the 20s and 30s continues the theme: Josephine Baker and Dietrich rub shoulders with Shaw and, naturally, Brecht; Gable and Lombard face a dapper Hitler, clad in a boiler suit, and an even more dapper Chaplin, also wearing a boiler suit. Loud speakers relay show songs of the period.

Reinhard Zimmermann's designs for Mahagonny the "City of Nets," combine the opulence of Hollywood with the different sophisticated leviness of the Folies Bergères. Costumes, by Eleonore-Kleiber, are reminiscent of Lear Issyov's Berlin—or should I say of Cabaret. Pro-

fessor Herz's direction, at first relatively restrained, erupts after the hurricane threat has been lifted from the City into a frenetic celebration of pleasure and self-indulgence. The brothel scene and the rigged boxing-match are wholly successful; the fantasy ship rather less so. Film sequences, in particular the panic on the New York Stock Exchange that announces the

hurricane, seem piercingly apt. As the decadence and fall of Mahagonny accelerates, the sets become simpler. The enormously long, curving bar, with Begbick enthroned at her cash register in the centre, revolves to become a mock court for the trial of Paul Ackermann (Jimmy Mahoney to us) and later for the electric chair. The bantered, slogan-chanting processions march and counter-march across a stage bare except for a buzzard perched waiting high above. With ear-splitting whistledias, police burst into the auditorium, the sound of bombs and gun fire drowns the final bars. The lights go up on a totally empty stage—even the buzzard is dead.

Well's score is treated with the utmost respect. The conduc-

tor, Robert Hanell, chooses de-stunningly attractive, unsentimental leads for the early mental Jenny, who puts over her scenes, but by the night of the songs eloquently. Together they hurricane he has worked up a turn the Cranes' duet into an pounding, hypnotic rhythm that enchanted, if fleeting moment, drives inexorably on to the con- But Maria Zahiten-Hall, though cluding catastrophe. Orchestral authoritative in speech and bearing playing is alert and precise—the ing as Begbick, does not com-on-stage, all-girl jazz band mand the vocal power needed for sounds especially authentic, this key role, while the female couples langu- Begbick's two side-kicks, crousy tangoing on the catwalk Trinity Moses (Gumher that surrounds the pit pinpoint Dressler) and Willi the Book- the Zeitgeist of the piece with keeper (Harald Neukirch) are similar accuracy. The male both excellent; so is Alaska Wolf chorus sings superbly with Joe (Herbert Kössler), but immaculate verbal clarity.

As a team the principals are uniformly stylish; individually Account Bill—banish memories in some of the roles. Elliot of Alberto Remedios and Donald Paly makes a strong-voiced Paul McIntyre in those roles at and convincingly plays the simple Sadler's Wells 14 years ago, woodcutter from Alaska without Willi Schwabe, silver-haired and false naïveté. Tamara Land is urbane, is the narrator,

National Gallery exhibition A Royal Subject, an exhibition The nucleus of the exhibition at the National Gallery of is four important portraits of portraits of Queen Charlotte Queen Charlotte, showing her (1744-1818), wife of George III, through the eyes of Thomas takes as its theme, different through the eyes of Thomas solutions to the problem of the Gainsborough (1727-88), Sir official portrait. It opens to the Thomas Lawrence (1769-1830), public on August 11 and will Johann Zoffany (1733-1810) and continue until October 2, 1977. Allan Ramsay (1712-84).

A FINANCIAL TIMES SURVEY ON ARAB CO-OPERATION AND DEVELOPMENT is to be published on September 26 1977. An analysis of the relationships between Arab countries and their significance for the rest of the world will form a major part of the survey. The main headings of the proposed editorial synopsis are set out below. INTRODUCTION ARAB LEAGUE OIL WEALTH OAPEC AID ARAB MONETARY FUND ARAB INVESTMENT INTER-ARAB TRADE TELECOMMUNICATIONS. The proposed publication date is September 26 1977. Copy date is September 12 1977. For further details of the synopsis and the advertising rates contact: Laurette L. Lecomte-Peacock, Assistant Overseas Manager, Middle East, Financial Times, Bracken House, 10 Cannon Street, London EC4A 3DF. Tel: 01-248 8000 Ext. 515. Telex: 885033 FINANC G.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER. The content and publication dates of surveys in the Financial Times are subject to change without notice.

EUROPEAN NEWS

Nine postpone decision on JET site to September

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

DR. DAVID OWEN, the British Foreign Secretary, today appealed to members of the JET design team employed at Culham research laboratory near Oxford not to leave their jobs for another two months, in the hope that the EEC would decide in the meantime where to site the thermo-nuclear fusion project.

BRUSSELS, July 26.

Repatriation plan for Angola refugees

Black and white refugees from Angola who fled to Portugal during the Angolan war of 1975 will soon be able to return to the former Portuguese colony, Reuter reports from Lisbon.

Polish dissidents hope for dialogue with authorities

BY CHRISTOPHER SOBINSKI

WARSAW, July 26.

WORKERS DEFENCE Committee members, freed at the weekend under a national day amnesty which ended investigations against them, said today they considered the move "an act of political realism by the authorities and proof that they do take into account the pressure of public opinion."

Nuclear tests discussions winding up

GENEVA, July 26.

U.S., SOVIET and British arms experts prepared Tuesday to wind up preliminary talks on banning all nuclear testing after finding sufficient common ground for substantive negotiations later in the year.

EEC adopts policy rejecting apartheid

BRUSSELS, July 26.

THE EUROPEAN Common Market today adopted a common policy rejecting apartheid and laying the basis for an economic boycott, possibly including an arms embargo against South Africa.

French kidnap arrests

Nine people have been arrested in connection with the kidnapping four months ago of St. Lucienne Revell-Beaumont, a Fiat France executive, and three quarters of the \$2m ransom paid for his release.

Bonn N-bomb split

CLEAR differences have emerged within the West German Government coalition parties over the so-called U.S. "neutron bomb".

Turner, Newall asbestos study

By David Fishlock. PLANS TO intensify its research into substitutes for asbestos were announced by Turner and Newall yesterday.

Lebanon loan

Common Market Foreign Ministers yesterday agreed in principle to an EEC loan to help the reconstruction of Lebanon but did not fix the amount, Reuter quotes community officials as saying.

Albania criticised

China last night officially denied reports suggesting that Albania was winding up Peking's aid programme in the Balkan state.

W. German trial

The West German public prosecutor's office yesterday charged six alleged urban guerrillas with kidnapping a leading politician and murdering West Berlin's chief judge.

Metin Munir writes from Ankara on prospects for the new coalition in Turkey

Expectations of a short life

TURKEY HAS rarely had a Government about which there have been more misgivings and less optimism than Prime Minister Suleyman Demirel's tripartite coalition which goes before the National Assembly next Monday for a vote of confidence.

Confidence

The general hope—which turned out to be mere wishful thinking—had been that Mr. Bulent Ecevit, chairman of the Social Democratic Republican Peoples Party (RPP), would form a strong Government.

Gibraltar talks in London

BY JOSEPH GARCIA

GIBRALTAR, July 26.

GIBRALTAR'S Chief Minister Sir Joshua Hassan, is having talks in London tomorrow with British Foreign Secretary David Owen as a prelude to Dr. Owen's meeting with his Spanish counterpart, Sr. Marcelino Oreja.

Austerity

The most difficult and immediate problem facing Mr. Demirel will be to raise medium-term credits to finance Turkey's large trade deficit and debt repayment programme and boost the dangerously low foreign currency reserves.

Mitterrand suggests nuclear referendum

By David Curry

PARIS, J

THE SOCIALIST leader Francois Mitterrand said today that a referendum on whether France should possess nuclear weapons would be a "serious step towards a general international armament negotiation."

Dutch drug price clash likely

BY MICHAEL VAN OS

AMSTERDAM, July 26.

THE SWISS pharmaceuticals manufacturer Hoffman-La Roche, which the Dutch Economics Ministry last week ordered to cut its Valium and Librium tranquiliser prices for a two-year period, appears to be heading for a new clash with the authorities on the question of compensation for possible excess profits.

The Ministry said that Hoffman-La Roche in Mijdrecht had voluntarily cut its Valium and Librium prices by an average of 25 per cent in 1974, after the Ministry had urged a cut of up to 50 per cent following reports of similar moves against the Swiss-based company elsewhere.

Options exchange seeks members

BY MARGARET REID

THE EUROPEAN Options Exchange will begin trading in Amsterdam early next year, in inviting applications for membership from organisations and individuals.

Irish job program 'on target'

By Our Own Correspondent

DUBLIN.

IRELAND'S employment programme, which 23,000 new jobs to be annually for the next is currently on target to the Industrial Development Authority's annual report published to-morrow.

Spanish protest at pay curbs

BY ROGER MATTHEWS

MADRID, July 26.

THE SPANISH trades unions have all reacted angrily to Government plans to limit wage increases, announced at the weekend, as part of a package of economic measures.

The Communist dominated Workers' Commissions said that once again the working class was being asked to bear the brunt of austerity measures, and that the Government proposals would cut real wages by about 6 per cent.

Gibraltar talks in London

BY JOSEPH GARCIA

GIBRALTAR, July 26.

GIBRALTAR'S Chief Minister Sir Joshua Hassan, is having talks in London tomorrow with British Foreign Secretary David Owen as a prelude to Dr. Owen's meeting with his Spanish counterpart, Sr. Marcelino Oreja.

bsn.gervais danone. Extract from the Chairman's address. In 1976, we had a two-fold objective: to achieve a consolidated net profit to reach a level of net cashflow comparable to that of the year 1974.

debt, Mitterrand suggests nuclear referendum, welcome, Irish job program 'on target', RELATIONS, Munhan

# NYC debt restructuring boost for Mayor Beame

ART FLEMING

NEW YORK, July 1.

Mayor Beame's campaign has been doubted about whether re-election in New York City can again secure a boost from the support of the city's business and financial community. Mr. Felix, who was removed from office last year, was the chairman of the steadily eroding assistance Corporation. The New York debt restructuring is in the longer term, of \$2.5bn. of the potentially great significance for the city.

Banks and municipal employee pension funds have agreed to change short-term city and Municipal Assistance Corporation debt of some \$2.5bn. into long-term securities in return for which they will get some increase in the rate of interest they receive. In addition, the new securities they obtain will not be New York City debt, but the Assistance Corporation, the special agency set up to deal with the city's fiscal crisis.

The bulk of the refinancing comes from a swap of \$1.7bn. of M.A.C. bonds with a 5 per cent rate of interest due to mature in 1978-1985, for M.A.C. bonds with a 7.5 per cent rate of interest maturing between 1986 and 1995.

The agreement will reduce the immediate annual debt service of the city—which would have been hard pressed to meet imminent redemptions—in return for a higher debt service cost over a longer period. However, the restructuring is expected to clear the way for New York City to re-enter the public debt market later this year for the first time since the fiscal crisis. The only remaining obstacle to re-entry is a further \$819m. of debt, the last of the \$8bn. of debt outstanding since the spring of 1975 which needs to be refinanced.

However, the terms on which the banks and pension funds holding this \$819m. agree to refinance are seen as critical to the bankers and could spark off another political storm in the city.

The Mayor will be hoping that this will not happen before the Democratic primary and he will probably get his wish in the meantime, he will be able to present the refinancing agreement as another victory for his leadership and can claim he is slowly but steadily bringing New York out of the crisis which his predecessor, especially Mayor John Lindsay left him.

The Mayor's opponents, however, are expected to concentrate their fire on the sharp increase in debt service costs over a longer period resulting from the higher interest rate having to be conceded on the longer term debt.

# Alaska pipeline insulation damaged

A four-inch thick sheet of insulation was damaged on the trans-Alaskan pipeline, either by a small explosion or a bolt of lightning, it was revealed yesterday. UPI reports from Fairbanks, Alaska. Oil flow was not interrupted in the \$9bn., 800-mile system because the steel pipe itself was not harmed, according to officials of the Alyeska Pipeline Service Company.

Alaskan state troopers arrived at the scene 18 miles north of Fairbanks a few minutes before midnight and played word that an explosive device might have been set off near the pipeline. "They (state police) told us it was either an explosive device or lightning," said Alyeska spokesman Larry Carpenter. "We've had thunderstorms up here for about a week. It could have been an explosion. I don't think anybody knows."

# St. Lucia refinery

Work is to begin soon in Castries, St. Lucia, on a \$135m. oil refinery being constructed by the U.S. Hesse oil corporation. The refinery is being built on a 100-acre site in Castries. The refinery is being built by the U.S. Hesse oil corporation. The refinery is being built by the U.S. Hesse oil corporation. The refinery is being built by the U.S. Hesse oil corporation.

# Venezuela exchange

The Central Bank of Venezuela, responding to local concern over the value of the country's monetary unit vis-à-vis the U.S. dollar, has said that it is neither "necessary nor desirable" to alter the current rate of exchange with respect to the dollar, or to change Venezuela's unified exchange rate, writes Joseph Mann in Caracas. The Venezuela bolivar, backed by the nation's multi-billion dollar petroleum revenues, is tied to the American dollar at the rate of 43 bolivars per dollar. With the dollar's recent downward trend, Venezuela has been obliged to pay more for imports from West Germany, Japan and other countries whose currencies have been valued with respect to the dollar.

# GRIM PICTURE OF CLIMATIC HAZARDS

# Coal power also a risk, says report

BY DAVID BELL

WASHINGTON, July 26.

A GRIM picture of the possible consequences of ever-greater reliance on coal as a primary energy source in the next 200 years is painted in a report issued here this week by the National Academy of Sciences. Though conceding that predictions made on the basis of current trends are unreliable and must be heavily qualified, the report's authors say that the long-term consequences of the increase in the amount of carbon dioxide in the atmosphere are profound. By the end of this century they expect that there will be 25 per cent more carbon dioxide in the atmosphere than there was before the industrial revolution. The report calls on the U.S. government to propose an international research effort to improve monitoring of the impact of increased use of coal, and to find new ways to substitute other fuels in the next 50 years.

According to the authors of the report—the essence of the danger posed by coal is that the carbon dioxide that it gives off will remain in the upper atmosphere preventing the heat given off by the earth from radiating into space. Over the next 200 years this could mean an increase in the world's temperature of as much as 11°F which could have catastrophic effects on climate, food production and the level of the sea.

Dr. Roger Revelle, head of the Centre for Population Studies at Harvard University and one of the authors of the report, conceded at a news conference that an 11 degree F rise in temperature was a "very shaky conclusion" based on very inadequate knowledge. But he said that a real research programme should be started at once to get more reliable estimates.

The major part of the report is concerned with the possible results of a change in climate. For instance it notes that when the temperature in New England dropped 1.5 degrees F on a monthly average in 1816, snowfall ensued in every month of that year.

It says that a progressive rise in the earth's temperature could shift the U.S. grain belt from the Iowa to much less fertile land in Canada, could increase through decay or through burning of the snowfall over Antarctica, which would raise the level of the sea by about 18 feet, and could adversely affect marine life which would be starved of nutrients which would be prevented from floating to the surface by ever warmer surface temperatures in the sea.

The report also notes that a major cause of the increase of carbon dioxide in the atmosphere has been the progressive clearing of more and more land. Dr. Revelle argues that this has released some 70bn. tons of carbon into the atmosphere since the industrial revolution. He said that one acre of tropical forest removes 100 tons of carbon from the atmosphere, and when this land is cleared the carbon returns to the air either through decay or through burning of the snowfall over Antarctica.

# Peru likely to ease austerity plan

BY HUGH O'SHAUGHNESSY

THE MILITARY Government of Gen. Francisco Morales Bermudez in Peru is expected to cancel many of the austerity measures which were recently decreed to counter the balance of payments crisis, and which have provoked the intense hostility of organised labour.

Gen. Alcibiades Sieniz, the Economy Minister, is thought to be preparing a statement for next week which will revoke some of the price increases and reductions of subsidies of staple items.

For the second Tuesday running, the government yesterday faced a massive challenge from unions as about 40 per cent of the 15,000 men of Centromin, the state mining corporation, formed from the nationalised holdings of the U.S. Carro Corporation, stopped work.

The Centromin workers, whose leaders are described as Maoists, refused to back the general strike of last Tuesday called by the

increased assistance from the Christian Democratic unions. The IMF at a critical moment for Peru's balance of payments, but it is not softening its attitude to the striking unions or their opinion to the austerity package introduced a month ago by Sr. Lima of the CGTP trade union federation, which is Communist-influenced, is under police guard, and employers have been told by the government that they are at liberty to sack strike leaders.

The Morales Government appears to be having second thoughts about the austerity package, which was originally introduced in an effort to get stoppages.

# Space shuttle test flight

EDWARDS AIR FORCE BASE, CALIFORNIA, July 26.

THE SHUTTLE-orbiter Enterprise, the proposed backbone of 1980s earth-space commuting, made its last captive flight today, a 60-minute rehearsal for next month when it will be blasted loose from its mother ship for a powerless glide landing.

Bolted to the top of a Boeing 747 and with two men aboard, the wide-bodied delta-wing space vehicle took off from the test centre at 7:47 a.m. and landed one hour later. Just before Enterprise landed, the Houston Control Centre told the crew: "The pattern looks super."

Minutes into the flight, the shuttle crew shut down an auxiliary power unit because of a high temperature reading, but it turned out to be only a sensor failure. The aircraft went through the usual test phases, including a separation dive downward from about 28,000 feet to simulate the August 13 pre-free flight manoeuvre.

# Lance predicts 6% inflation rate

WASHINGTON, July 26.

MR. BERT LANCE, director of the Office of Management and the Budget said today that the U.S. inflation rate will be around 6 per cent in 1978, but pointing downward.

In testimony to the Joint Congressional Economic Committee, Agencies

# Carter welcomes Andreotti

MARTIN, U.S. EDITOR

WASHINGTON, July 26.

Jimmy Carter discussions, the latest in the ever-growing round of consultations on Sigs. between Mr. Carter and the Italian foreign heads of government, at the start of talks between the two leaders.

The U.S. administration has come to admire Sigs. Andreotti's considerable tenacity in retaining power and bringing what is seen here as a certain degree of stability to Italian affairs.

But this administration does not have the ideological problem with Eurocommunism with which past U.S. Governments have been consumed. It is, in this context,

perhaps significant that only last week the State Department finally acceded to a long-standing request that the Italian Communist Party newspaper *Unita* be permitted to base a correspondent here in Washington.

For his part, Sigs. Andreotti has paved the way with interviews with U.S. publications in which he has sought to describe the role of the Italian Communist Party in the Italian context. Asked by the conservative magazine *U.S. News and World Report* if the U.S. should do everything in its power to prevent the accession to government of the Communist Party in Italy, he replied that Italy was "a free and sovereign nation, with the ultimate responsibility for the make-up of its government resting with the Italian people themselves."

He maintained that there was no "objective evidence" available to bolster the contention that Italian Communists represented a threat to NATO, and argued that, although he had some "worries" based on the imposition of "Stalinism" on other countries, he personally thought Italian Communist Party leaders were "sincere" in their commitment to democracy.

The talks here will embrace a wide range of subjects, including international and domestic economic, energy, Middle East, Africa and NATO.

# Canada air strike threat

By Victor Mackie

OTTAWA, July 26.

AN ESTIMATED \$3m. separated the Canadian government's offer to the country's air traffic controllers from the union demand as voting started yesterday on a union request for a strike mandate, according to Mr. Jim Livingstone, President of the Canadian Air Traffic Control Association.

Ballot boxes will not be opened until mid-night on Thursday night, and results will be announced on Friday.

The air traffic controllers are legally entitled to strike seven days after a conciliation report is released. The conciliation report was made public last Tuesday.

# gration passed

ADIAN House of

OTTAWA, July 26.

ADIAN House of Commons passed two bills to secure itself from expected mid-holiday, giving final Monday to an over-immigration Act and inversion Bill.

The two bills break for MPs until when they will have to vote on plans for a pipeline from the north that debate they will have until October 19.

# A-U.S. RELATIONS

# Burnham mends his bridges

BY OUR GEORGETOWN CORRESPONDENT

THIS after Prime Minister Burnham of Guyana has been improper conduct of the 1968 and 1973 general elections. The low point in relations between Guyana and the U.S. was reached during the second half of last year when anti-Castro Cuban exiles began a series of terrorist attacks against selected targets in the Caribbean. They blew-up the Guyana consulate in

because reserves will be dangerously low by the end of August. It seems evident that the socialist bloc is not yet disposed to provide the kind of large-scale assistance which the country needs not only for its budget but also for important development works. China has provided two loans over the past five years, totalling \$17m. to finance a cotton textile mill and a 200-bed hospital, but further aid from this source in the near future is highly unlikely.

The Russians have only just concluded a general co-operation agreement which, it is believed, will pave the way for specific forms of assistance. Knowledgeable sources feel that the Russians are driving a hard bargain for their aid, but are looking very hopefully to the Americans for economic assistance. The comments of Mr. Todman to the House sub-committee suggest that it is unlikely that there will be any positive response before a "rational policy" is worked out by the State Department for the Caribbean, which should be done within six months. It will not be surprising, however, if the Americans throw their weight behind an urgent request to the IMF for assistance to Guyana.

It is also taking place against a background of slightly shifting domestic politics, with relations cooling between Mr. Burnham's People's National Congress (PNC) and the PPP, led by ex-Premier Dr. Cheddi Jagan. Talks started two years ago for a form of national front government have apparently been broken off, with the two parties blaming each other in the Press.

This is a far cry from the situation a year ago when Dr. Jagan offered "critical support" to Mr. Burnham. Dr. Jagan now is about to move back right and is planning to re-open the economy to foreign capital.

Elections are due to come up within a year and no doubt that charge, and the state of the economy has asked many in general, will be mainly platform issues in the campaign.



Mr. Forbes Burnham

Trinidad and allegedly sabotaged a Cuban airliner off Barbados last October, leading to the exchange of abuse between Mr. Burnham and the State Department.

However, the election of Mr. Jimmy Carter as U.S. President provided an opportunity for mending of the fences, not only in Guyana but also in Jamaica—also experiencing stormy relations with the U.S.—and Cuba. Behind-the-scenes efforts to restore what Georgetown termed "civilised" relations are now evidently bearing fruit.

The strongest public indication of this came with a visit six weeks ago by the U.S. Under-Secretary of State for Political Affairs, Mr. Philip C. Habib, who was returning home from the OAS meeting in Grenada. He stopped off for two days in Georgetown for talks with Mr. Burnham.

Mr. Habib presided over the cancellation seven years premature of a 17-year agreement under which Guyana had agreed to allow the U.S. to use the country's international airport for military purposes. This agreement, successor to a series that

had become the Minister in December of National Congress wing United Front of the People's Progress Party, amid reports responses from the is between Guyana became troubled at it decide when Mr. ed against the re-axite mining sub-minium Company (LCAN) in the first of nationalisations w led to the take-entire baritic and-ries from foreign me-time, Guyana he defiance by the ent Commonwealth rtes of the hemi-ntic relations ipleomatic relations ive years ago. at Jamaica, r extent, to estab-ers with Cuba, us Washington aid. It develop previously-istent ties with t countries, and-les of positions on ns, such as the Zionism, Southern was returning home from ngola in particular. He worried the Ameri-ingly radical image in Government was in 1974 when Mr. announced his intention a socialist state in then, he had won support of a pre-ferred PPP, irritated by what it alleged

# A note to Employers.

# The YES scheme still offers you £10 a week, for taking on an unemployed young person.

The Youth Employment Subsidy was introduced to help employers provide more job opportunities for young people under 20 who have been unemployed for 6 months or more. The scheme has now been extended until 31 March 1978.

This subsidy is available to all employers in the private sector of industry and commerce, as well as the nationalised industries throughout Great Britain. (Northern Ireland has a separate subsidy scheme).

The subsidy amounts to £10 a week for each young person employed and is payable to the employer during the first 26 weeks of employment. Before you can claim it, you must satisfy the following conditions:

1. The unemployed young person you recruit must start work on or before 31 March 1978.
2. They must have been under 20 years of age on 1 September 1977 and have been unemployed and registered for work at a Careers Office, Employment Office or Jobcentre for a continuous period of at least 6 months at the time you employ them. (Where the employment starts on or before 31 August 1977, the Youth Employment Subsidy is available for young people who were under 20 years of age on 1 October 1976).
3. The work you offer must fill a genuine vacancy in normal full-time employment.

If you have already claimed, or are receiving, Temporary Employment Subsidy or a Premium Grant, Recruitment Grant or Adoption Grant for any young person, you cannot also claim Youth Employment Subsidy for the same employee.

For further information and an application form, contact your local Careers Office, Employment Office or Jobcentre.

# YOUTH EMPLOYMENT SUBSIDY

Department of Employment DE

OVERSEAS NEWS

Israel backs more Jewish settlements on West Bank

BY DAVID LENNON

ISRAELI government which was recognised to three Jewish settlements on the occupied West Bank of Jordan. These had been set up in recent years without the approval of the

Labour government which was defeated this year. It emerged last that Israel will continue to establish settlements in the occupied territories despite U.S. opposition. Mr. Menahem Begin, the Prime Minister, this morning denied reports that Israel had agreed with Washington to suspend the programme to establish new Jewish villages on the West Bank until the Geneva peace conference on the Middle East is reconvened.

Histadrut avoids conflict

BY L. DANIEL

AN EARLY collision between the Begin Government and the Labour-dominated Labour Federation, the Histadrut, has been averted.

Last Sunday, Mr. Simah Ehrlich, the Finance Minister, met the Histadrut Secretary-General, who has been publicly demanding immediate compensation for the 25 per cent price rises announced ten days ago. The Histadrut has been slashing Government subsidies on all basic foodstuffs and their derivatives. The Finance Minister said he would like to pay compensation but this would defeat the anti-inflationary aim of the subsidy cuts. His views appear to have been accepted by the Histadrut, which has as much interest as the government in reducing Israel's rampant inflation, which reached 28.5 per cent last year. It was therefore agreed to set

U.S. to pull 6,000 men out of Korea by 1979

TEL AVIV, July 26

According to the plans of the previous Labour government, ten new settlements were to be set up on the West Bank in the coming year. Mr. Begin's government is in favour of intensifying this plan. However, it is known that there are objective difficulties over financing and manpower for more extensive settlement.

Mr. Begin today met Agriculture Minister Ariel Sharon, who is responsible for settlements. After the meeting, Mr. Sharon said that he knew of no plan to restrict settlement. The three recognised settlements are Alon Moreh at Kaddum near Nablus, Ofra beside Ramallah, and Ma'ale Adumin on the road between Jerusalem and Jericho. The decision, taken by the Governmental Jewish Agency Settlement Committee, means that these three formerly unauthorised settlements will now receive all the benefits and subsidies granted to villages set up by the Government.

Egypt-Libya mediation goes on

BY OUR FOREIGN STAFF

THE CEASEFIRE in the week-long border war between Egypt and Libya appeared to be holding yesterday as mediators continued their work. President Sadat announced a unilateral ceasefire on Sunday, although Egyptian forces are reported to be on full alert along the border, and although Libya has yet to announce an agreement to the ceasefire, no military communique have been issued by either side. Informed sources in Cairo said yesterday Libya was delaying in order to study an Egyptian demand that sophisticated Soviet equipment near the common frontier be pulled back. The semi-official Cairo newspaper, Al-Ahram, yesterday described how Egyptian bombers destroyed a Soviet radar station at the air base of El-Adem, near Tobruk last Friday. "The Egyptian armed forces head-quarters," said full information on all Soviet radar stations and bases in Libya and it was also aware that Libya

U.S. air force contingent in Korea

TOKYO, July 26

THE U.S. AIR FORCE contingent in Korea, which now numbers around 7,000 men and 60 Phantoms, is not being cut back until withdrawal of ground troops gets under way. U.S. officials in Seoul say American air strength in the peninsula might be stepped up by 25 per cent.

Other moves to cushion the effect of the withdrawals will include increased U.S. arms sales to South Korea (although no exact figure was available today for the amount of credits available to back such sales) and the free transfer of much of the equipment now used by American ground forces to their Korean opposite numbers. American responsibility for the security of Korea is being re-emphasised by the operation of a new joint U.S.-South Korean command structure. A senior post will be held by a Korean general, second in command. These measures are all designed to give credibility to the U.S. undertaking, (also contained in the "prompt and complete" withdrawal of U.S. troops from South Korea in case of an invasion from the north. The wording of the withdrawal programme, the steps being taken to cushion its effects suggest that President Carter is trying to fulfil the fulfilment of his pledge to troop withdrawal with the least possible disturbance of the existing defence balance in the Korean peninsula. The Americans evidently do not expect to win any "thaw" in the North-South relations, or that matter from the Russians or Chinese. On the other hand, President Carter does seem to be working on the assumption that neither Moscow nor Peking would welcome any disturbance of the Korean status quo. The withdrawal decision has been calmly received in South Korea (where a programme of self-sufficiency in conventional arms production by 1980 is now well under way). In Japan comment has been against the decision, for the most part to reaffirm the formal line that troop withdrawal is a bilateral issue between the U.S. and Korea. Despite its reluctance to express an opinion, however, Japan is down to a voluntary agreement about the Rhodanese programme. Even if South Korea remains secure the Japanese fear a disturbance of the "neurological balance" between north and south

PLO curbs Lebanon guerillas

BY IHSAN HIJAZI

THE MILITARY command of the Palestine Liberation Organisation (PLO) has issued strong instructions to all guerillas here not to circulate with their arms and uniforms outside the camps. It was announced. The move is regarded as the start of the implementation of a new accord between the PLO and the Lebanese government under Syrian supervision. The agreement which was reached yesterday after meetings of Lebanese, Syrian and Palestinian representatives in Shtoura—set out to defuse the tense situation near the border area with Israel and restrict the Palestinians to their 14 camps in this country. Officially, the accord is to go into effect on Saturday, but a special security committee of the PLO held an emergency meeting last night to endorse the Palestinian commitments. Mr. Salah Khalaf, better known as Abu Iyad, who headed

U.K. envoy goes to Washington over Rhodesia

JOHANNESBURG, July 26

THE U.K. dollar may fall even further on foreign exchange markets, reflecting the action of natural market forces. Mr. Frank Well, the U.S. Assistant Secretary for Commerce, said in London yesterday. "The natural market mechanism will work its will and I am not sure it has entirely finished doing that," he said. Mr. Well issued a warning against "defensive" forms of trade protectionism. These included Government-sponsored insurance schemes for exporters, barter schemes, and protection against production losses organised by Government trade credit institutions such as Britain's Export Credits Guaranty Department. Mr. Well called this type of practice "defensive protectionism" and said that it must be eliminated if the U.S. was to overcome its trade deficit, which last year amounted to \$2.6bn and this year is expected to exceed \$2.6bn. It would be a mistake to let the floating of the dollar

WORLD TRADE NEWS

U.S. TRUCKS MARKET

A passion for pick-ups

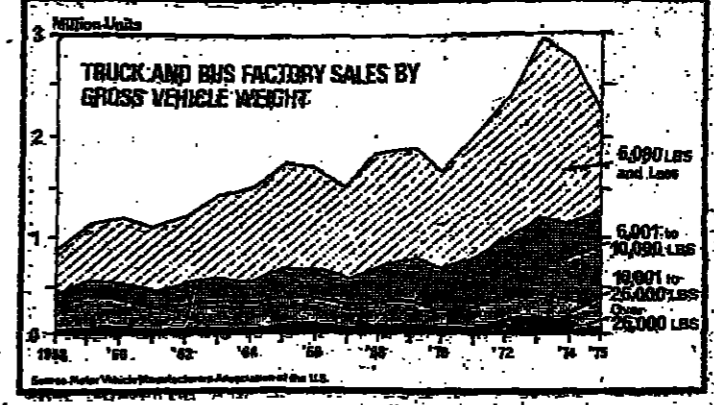
BY TERRY DODSWORTH

THE U.S. motor industry seems to have recovered this year from the attack of nerves which overtook it during the oil crisis. Registrations are up for all the big domestic producers, imports are buoyant and in many sectors demand is pushing against supply for the first time in four years. Unless there is a major upset in the next six months, production will be only a few points short of the annual miracle of 1973, when the car manufacturers made a record 9.7m vehicles.

But the most intriguing success story of the year lies undoubtedly in trucks. This year the North American producers (the U.S. and Canadian factories combined) will make and sell a record number of commercial vehicles—about 3.7m. If the present forecasts are borne out, it is achieved in what will be about twice as many commercial vehicles as European manufacturers produce, and some 10m more than the Japanese.

A great deal of this growth, as well as much of the expansion in the last ten years, has been achieved by a vehicle which is not highly rated in Europe—the pickup truck. The extra popularity of the pickup is a phenomenon which, at the moment, seems peculiar to America, but which could in time spill over to European markets, as well as American markets. It is found that their pickups—designed specially on a truck-type base rather than a car-type base—have a number of advantages. They are pleasant to drive in an era of tight speed restrictions. Visibility is better than in a car, safety is probably superior as well, and 80 per cent of them now have the virtues of automatic gear changes, so they are no more

as the pickup in their basic form. But, designed principally for short-haul urban distribution, they combine similar carrying capacity with the added protection of a roof over the rear end. Students turn them into vehicles; travelling homes, and become another craze of America's youth.



From California, the craze has spread to other parts of the U.S., and is influenced by the need for more traditional motor homes in relatively rugged cross-country transport. In ranching country, for instance, it is the standard means of mobility. But in the second vehicle, a workhorse for the small businessman, or an alternative to the car for holiday week-ends out in the country. The expansion of the panel van market has come on the back of the pickup trade, these vehicles around this point for the last few years. By contrast, registrations of

The American manufacturer are certainly aware that a market sector which is not being ignored, and they are active in it. General Motors accounted for a vast proportion of the total growth in vehicle sales in the last decade, including cars. Many analysts faced with the contra-decline in the rate of export in car sales, argue that a deal of the natural development of the car manufacturers is fact, being deflected into trucks. The American manufacturer are certainly aware that a market sector which is not being ignored, and they are active in it. General Motors accounted for a vast proportion of the total growth in vehicle sales in the last decade, including cars. Many analysts faced with the contra-decline in the rate of export in car sales, argue that a deal of the natural development of the car manufacturers is fact, being deflected into trucks.

Saudi Arabia steps up project loans to Oman

BY BARBARA CASASSINI

MUSCAT, July 26

THE SAUDI ARABIAN Government and its Development Fund are to grant loans totalling \$186m for the construction of 135 km of roads, together with 16 administrative and social centres in Oman's southern region of Dhofar, as a result of a series of agreements signed in Saudi Arabia by Mohammed Musa, Saudi Finance Under-Secretary, and the fund's deputy chairman, Dr. Mahsoor Ghalib. The centres, also financed by Saudi Riyals 61m, grant from Kuwait, will cost a total of Saudi Riyals 32.6m. This will be crucial for the help the Sultanate balance its budget as well as maintain or even increase the level of capital spending. There had been fears that allocations to civil development would suffer as a result of the forecast decline in oil production, the cessation of oil exports, and other current expenses, and because defence, even though the war with the rebels in Dhofar has been ended, still accounts for nearly 50 per cent of the budget. On May 18 the Financial Times reported that Saudi Arabia would provide Saudi Riyals 35m, had had to be raised commercially. According to official statements, the establishment of Dhofar, the funds have already arrived in the Sultanate, will be reared \$200m. The inflow of funds from Saudi Arabia has revived speculation awarded to Mr. J. C. Liley, healthily steady on the Saudi Riyal 393.9m, road network and Kingdome—a sovereign corridor for a crude oil pipeline from the

report. It is understood that one of the conditions of the Saudi loans is that British contractors carry out the construction of both the centres and the roads. The loans are said to be interest-free, and to be repayable over 15 years. Saudi aid to Oman is increasing, and is being channelled through the Sultanate's defence ministry. The Sultanate's defence ministry has been high on the Saudi list of priorities. The Sultanate's defence ministry has been high on the Saudi list of priorities. The Sultanate's defence ministry has been high on the Saudi list of priorities.

Shaba fields near the border through Dhofar to the Sultanate and India. One of eliminating any such a move are clear. Since Oman Government forces defeated the Popular Front for the Liberation of Oman in the south about 18 months ago, Saudi Arabia has dominated diplomatic and economic attempts to achieve reconciliation between the Sultanate and its neighbour the Peoples Democratic Republic of Yemen (PDRY) which supported the rebel movement. As the Kingdom is understood to have financed a number of projects in the PDRY, as well as injecting sizeable sums into Oman, Saudi sovereignty over part of the region where the war was fought could be seen as a means of eliminating any chance of a renewed military confrontation. However, observers believe that rather than granting sovereignty, the more likely outcome will be a leasing arrangement leaving the responsibility for security of the Sultanate with Oman. The Export Credits Guaranty Department has guaranteed a \$4.7m loan which Morgan Grenfell acting on behalf of themselves and a syndicate of banks have made available to the Ruler of Ajman to help finance a contract of \$9.3m. Mr. J. C. Liley, healthily steady on the Saudi Riyal 393.9m, road network and Kingdome—a sovereign corridor for a crude oil pipeline from the

Leyland sales boos in Europe

BY TERRY DODSWORTH

BRITISH LEYLAND'S expanded its sales in Continental Europe had an encouraging response during the six months in the three markets of Germany, France and Italy. The countries were set out in the Ryder report company's future as the target for the imm future, and in German sales network has under an overhaul after Le bought its local distributor. This has had the effect of being able to increase 15 per cent in Germany, is acknowledged as the difficult market of a Europe for importers. In France sales are up per cent, and in Italy per cent. However, Leyland's registration created by only 4 per despite a slight increase overall market. The company's share of the market remained at 2 per cent. Sales of all models increased compared with 68 per cent in June 1976, with Mini registering by far biggest impact with rises of 39.77 per cent, a rise of 9.97 per cent. Most of the gain was by larger exports of 1.5 million units in 1976. But the big disappointment Europe remains the supplies of January and February, for which there ready sale.

White S. Africa miners' pay rise

BY QUENTIN PEEL

A WAGE agreement awarding an increase of R25 (£16.70) a month to 21,000 white miners and artisans in South Africa has set a precedent for the rest of the country's mining industry and for other sectors, trade union leaders claimed today. The settlement was reached yesterday between the Chamber of Mines and the seven-member Council of Mining Unions, after a series of meetings under a conciliation Board, ending a three-month-old dispute between management and workers. The deal is expected to cost the coal and gold mining industries (the only two immediately affected) an estimated R63m (£42m) in the coming year. It gives an average age increase of about 3 per cent to miners affected, and will come into effect from August.

U.K. envoy goes to Washington over Rhodesia

JOHANNESBURG, July 26

THE Electrical Workers' Union, said today: "Over the past six months, the employers have been attempting to enforce a wage freeze. This has clearly broken the ice. The pay of black miners is decided between the mining houses, in the absence of any representative unions. The Chamber of Mines spokesman said that although it was policy to attempt to narrow the gap between the extreme difficulties" because of the absolute amounts involved. Some increase, probably around 6 per cent, is expected, especially since black miners workers have already been awaiting over the failure to announce a new deal by June, as has been the case in recent years.

Japan, Boeing to resume talks

TOKYO, July 26

THE JAPANESE Civil Transport Development Corporation and the U.S. Boeing Company will resume negotiations soon on the joint development of a medium-range jetliner, expected to cost \$1.1bn to develop, according to the International Trade and Industry Ministry. The talks were suspended last September but will be resumed following a Boeing survey indicating a promising market for such an aircraft, the Ministry said. Boeing is understood to be negotiating with Aeritalia of Italy on the same project, it added. Boeing is expected to bear 60 per cent of the development costs of the jet with the remainder equally shared between the Japanese corporation and Aeritalia, it said. Michael Donne writes: The resumption of negotiations between Boeing and Japan on a new medium-range jet airliner project is the latest move in a long series of efforts by the Japanese to get back into the

U.S. warning on protectionism

BY OUR FOREIGN STAFF

THE U.S. dollar may fall even further on foreign exchange markets, reflecting the action of natural market forces. Mr. Frank Well, the U.S. Assistant Secretary for Commerce, said in London yesterday. "The natural market mechanism will work its will and I am not sure it has entirely finished doing that," he said. Mr. Well issued a warning against "defensive" forms of trade protectionism. These included Government-sponsored insurance schemes for exporters, barter schemes, and protection against production losses organised by Government trade credit institutions such as Britain's Export Credits Guaranty Department. Mr. Well called this type of practice "defensive protectionism" and said that it must be eliminated if the U.S. was to overcome its trade deficit, which last year amounted to \$2.6bn and this year is expected to exceed \$2.6bn. It would be a mistake to let the floating of the dollar

U.K. drug exports up

BY DAVID FREUD

EXPORTS BY pharmaceuticals industry by 15 per cent in 1976, according to Association of the Pharmaceutical Industry annual report. Although imports increased sharply to £11.2m, exports rose to £13.5m, a 15.5 per cent rise. The ratio of exports to imports was 1.21. Mr. Michael Perret, president of the Association, said that changes during the year had created a new climate for investment. The provisions in Sect. of the 1949 Patents Act, compulsory licensing had repealed, and Mr. Perret was a spokesman, would acknowledge the climate by improving investment and exports. In turn the industry accepted tighter copyright advertisements and representations for these had initiated by the industry. Mr. Perret said the Health Service must be allowed to rise in line with inflation. He said the industry had new investment, and time to make a major contribution to the nation's health.

Burma Communist effort

BY OUR OWN CORRESPONDENT

PRO-Peking Burma Communist Party (BCP) insurgents have stepped up their activities over the last five months in the mountainous frontier regions of the Shan State in eastern Burma near the Sino-Burma border. Official reports put their strength at close to 2,200 men spread over various fronts. By mid-June, however, they were reported to have suffered reverses, with Government troops pushing them back towards the border. They are said to have suffered more than 500 killed and two captured in recent weeks, whose strength was not disclosed, suffered 130 killed and 142 wounded in a total of 83 encounters with the Communists. The latest bare-up of fighting

Black pupils protest spreads

BY OUR OWN CORRESPONDENT

POLICE used teargas today to break up crowds of black school students who walked out of their classes in the Johannesburg township of Alexandra to join the spreading protest against the system of Bantu education. A school for Coloured (mixed race) children was reported to have been extensively damaged when its pupils refused to take part in the protest. In the Pretoria black township of Attteridgeville, a school boycott by more than 20,000 students at 29 schools entered a second day. However, it is still uncertain how long the students plan to stay away, with some insisting that they will not return until Bantu education has been scrapped, while other reports said it was a three-day protest.

ON OTHER PAGES

International Company News: Voest-Alpine profits 34/35. Finance for Raw Materials: INCO Canada declares nickel price war. EEC sugar pact move 37.

Assurance on imports

TOKYO, July 26

WEST GERMAN Economics public works investment programme. Herr Friderichs had talks with Prime Minister Takeo Fukuda, Foreign Minister Ichiro Hatoyama, International Trade Industry Minister Tatsuji Tanaka, and Economic Planning Agency director-general Tadashi Kurayama. He arrived here yesterday on a four-day visit on his way home from Australia and New Zealand.

هكذا من الأصل

# Technical Page

ARTHUR BENNETT AND TED SCHOETERS

## Video disc venture by Philips and EMI

An agreement has been reached between Philips and EMI Audio to produce a new video disc venture. The venture is being developed as a joint venture between the two companies. Philips is providing the technical expertise and EMI is providing the marketing expertise. The venture is expected to be launched in the next few months. The video disc is a new format for video recording and playback. It is smaller than a standard video cassette and is more durable. It is also more convenient to use. The venture is expected to be a major success for both companies.

## DATA PROCESSING Army & Navy leads

WHEN, this autumn, the Army and Navy store group completes the installation of a new retailing terminal system by NCR, it will have in operation what NCR considers to be the most advanced point-of-sale retail equipment in Europe.

The group has ordered 60 of the new NCR 2181 terminals for installation in the new stores in Victoria Street and nine other stores in London and the south of England.

Most will be in the new store and all will be linked to a mini computer to provide management information on the spot.

The aim is to provide credit facilities for the store's 20,000 customers quickly and simply through any terminal in any store. At the same time, customers will be able to pay their accounts in any store with instant updating of their records.

Apart from this, the NCR 2181 units in the stores will be able to handle credit card transactions.

More from NCR on 01-723 7070.

## Marriage of innovators

SEMS—the group set up with French Government backing as the national entity to make and market minicomputers and peripherals—has come to an important agreement with Calcomp, the U.S. company recognised worldwide as a major innovator in automated graphics equipment, and a leading producer of peripherals.

Under the agreement, Calcomp will buy Solar units from SEMS to incorporate into its graphics products and will also have the right to manufacture and market these machines as part of its own range. SEMS will supply hardware and software and will be able to use the Calcomp sales network and maintenance facilities to promote both the Solar and the Mitra computers in North America.

Since March, Calcomp has carried out extensive testing of a

## Terminals come down

TWO sizeable price reductions in data terminal equipment have recently been announced.

Data Dynamics, agent for Digital Equipment, has set a new price for the LA-36 DECwriter of 1995 in quantities of 50 units and £1,095 bought individually.

The unit has proved an extremely popular 30 character/sec. keyboard printer, some 60,000 units having been sold worldwide.

## PROCESSING Vacuum progresses

group of Solar machines sent to the company's Anaheim plant. They have passed their tests with flying colours and will be built into equipment going out to U.S. market users this autumn.

Calcomp considers the SEMS machines to be the equal of anything available on the U.S. market, which is a welcome accolade for French electronics expertise. Its option to take up manufacture whenever it thinks necessary could be of major importance to the future since this would imply increasingly close co-operation between the two organisations, both on design and on marketing policies.

Apart from this consideration, there is the fact that any Calcomp product sold in Europe with a SEMS machine as its driver will have a European driver.

SEMS, which is an affiliate of Thomson-CSF, has the official title 'S6 Européenne de Mini-Informatique et de Systèmes.'

FOUR PAPERS dealing with major technological advances, written by technicians from Edwards High Vacuum in conjunction with scientists of international repute, have been selected for presentation at the 7th International Vacuum Congress which is to be held in Vienna from September 12 to 16.

Edwards is also contributing a large exhibition stand on which will be shown Diffstat integrated diffusion pumps, for installation where complete freedom from detectable contamination is essential. Also to be seen is a new ion plating plant which produces exceptionally high-quality and durable films.

The first of the four papers, given in conjunction with Montedison SPA of Italy, concerns "Fomblin," a chemically inert and non-contaminating range of perfluoropolyether fluids developed as fluids and lubricants for diffusion and rotary vacuum pumps.

The second paper describes development work on a new type of industrial vapour vacuum pump which may prove to be one of the most important developments of its kind for many years. It employs a porous element flash boiler which has such rapid warm-up and cool-down times that the isolation valve systems and associated controls of a standard production option of a standard production 6.86 mm. Counting inputs can be photocell or inductive sensors, ac/dc voltage pulse sources, or water use needs only a few simple actions. The search probe is watertight down to 30 metres and special probes for greater depth can be supplied. More from In Laisen, 70, Postfach 925, D-7410, Reutlingen 1, Germany.

## INSTRUMENTS Meters for many uses

A NUMBER of instruments made by the Danish company Electromatic A/S for the digital measurement of count rate, current, voltage, frequency, rotational speed, temperature and time have been made available in the U.K. by Radiatron Components.

Straightforward counters are offered in four, six or eight digits, with a maximum counting speed of either 20 or 1,000 pulses/sec and each makes use of a red LED display with the option of two digit sizes, 3.05 or 6.86 mm. Counting inputs can be photocell or inductive sensors, ac/dc voltage pulse sources, or water use needs only a few simple actions. The search probe is watertight down to 30 metres and special probes for greater depth can be supplied. More from In Laisen, 70, Postfach 925, D-7410, Reutlingen 1, Germany.

## Finds the rogue metal

TWO equipments for the detection of hidden or unwanted metal items are introduced by Institut Dr. Forster in Germany.

Metex 4.114 metal detector is intended for police and security use. The equipment includes three search coils of various sizes and a hand-held probe; it can be dismantled easily for carrying and weighs only 2 kg with coil. About 100 operating hours can be expected from the battery and the unit can detect for example, a paper clip at 150 mm or a machine gun at 670 mm.

The other equipment, Ferex 4.021, is a general search instrument which can be used underwater if necessary. This simple conversion unit weighs 4.5 kg and the conversion from land to water use needs only a few simple actions. The search probe is watertight down to 30 metres and special probes for greater depth can be supplied. More from In Laisen, 70, Postfach 925, D-7410, Reutlingen 1, Germany.

## EQUIPMENT has many functions

If calculators have to 15 seconds in a year in temperate climates. A mode switch gives an option of date and time as long as the time option is depressed on the battery, but shows permanently on mains, or it can be called in the stopwatch function which is accurate to a tenth of a second. A separate lap button holds the display without stopping the count.

In its alarm mode, the unit can be set to four separate and unrelated alarm times, over the 24 hours.

The CQ1 incorporates a 199 year calendar with automatic compensation for different months lengths and leap years up to 2100 A.D. It also shows exact elapsed time in days between any two dates, over two centuries.

Further details on this mid-range unit from the company at 23 Scrutton Street, London EC2A 4TY. 01-377 9087.

## is made cleanly

reaction of dyes Copymate is easy to apply microscopic capsules wherever it is required—removing coating will produce two and three and subsequent may differ.

Ninety per cent of the area of most business forms is not used for image purposes and to take account of the above patch effect, chemical transfer papers would normally require to be desensitised where appropriate.

The major immediate area of application of the coating is in the food industry, where it is used to make extensive use of van-sales orders. Copymate is much cleaner to handle than alternatives and customers will appreciate this.

The same considerations can be applied to the garment, soft furnishings and book trades where fingermarking is anathema.

More from BPC Business Forms Group, POB 10, George Street, Dunstable, Beds, LU6 1NW. Dunstable 64200.

## for cashiers

Master and more Wagemaster Mk. II was originally developed for use by a security company. It is now offered as a development to any organisation with a large number of wage packets to fill in, used in many (1,000 plus per week). In addition to wage-packeting, Wagemaster can be used to speed up such operations as petty cash and consists of pay outs and cashing of employees cheques.

The price is £4,000, but—says the developer—this is not a prohibitive when all the advantages over purely manual make-up are taken into account.

De La Rue Crosfield, Watton Road, Farington, Portsmouth, Hampshire. Cosham (07018) 83161.

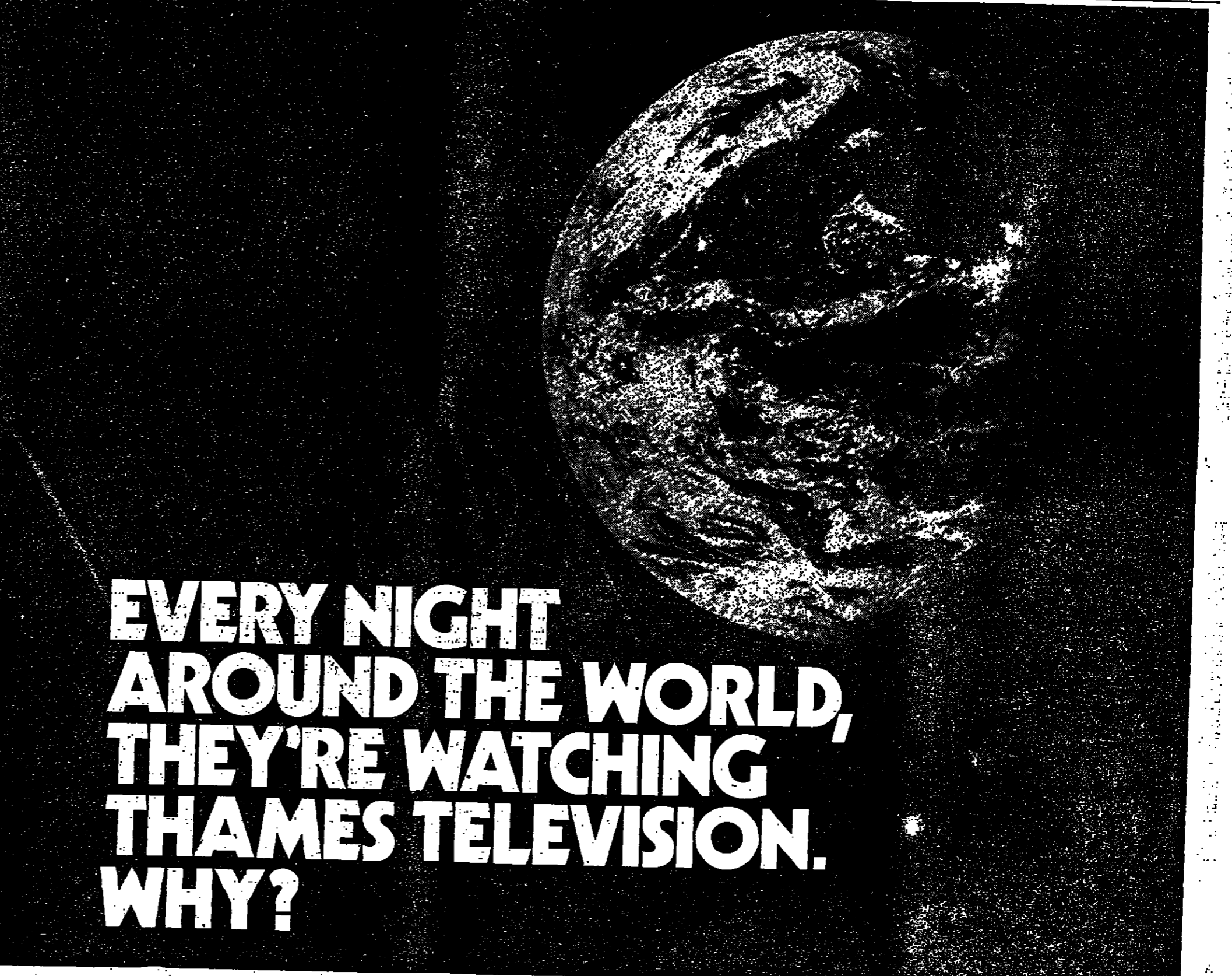
## MATERIALS Reacts fast to glare

FOUR TIMES faster reaction to bright sunlight is the claim made for new photochromic glasses produced mainly for ophthalmic uses by Chance-Pilkington.

Reactolite Rapide lenses darken in about half a minute compared with about two minutes for the fastest known competitor. Clearing of the glasses is also much faster—taking about two minutes to clear halfway against 30 minutes for wide transmission range glasses in current use.

In the darkened state, the new products have a neutral grey tint and will be available in sunglasses and prescription glass series. In the fully darkened state the sunglasses has a transmission of 16 per cent, and the prescription glass one of 24 per cent. In the clear state, both transmit 90 per cent. Prescription glasses will be available this year and sunglasses for the 1978 season.

Chance-Pilkington, St. Asaph, North Wales. 0745 563301.



**EVERY NIGHT AROUND THE WORLD, THEY'RE WATCHING THAMES TELEVISION. WHY?**

From its beginning only nine years ago, Thames Television has become one of the world's biggest exporters of television programmes. There are several reasons.

First, we attempt the impossible. That's how we took over a New York TV station for a week. That's how we've managed to turn our British success **Man About the House** into a new American network show called **Three's Company**, joining ABC TV in the production and retaining world sales rights. It's also how we managed to sell a British gardening series on the somewhat unpromising soil of Kuwait.

Secondly, we offer a service, not just a sale. When we sold the format of our award-winning children's series **Rainbow** to Iran, for example, we had producer Pam Lonsdale fly out to act as production advisor.

Thirdly, we think our market is bigger than the TV entertainment stations of the world. Universities

are among our most regular international customers; **The World at War**, now seen in 64 countries, was acquired by the US Army and Navy for their education divisions; and our factual documentary on the French DC10 disaster found buyers among the top world airlines.

Those are three reasons. But the underlying fact is the one that should lie behind all successful exporting: we make products of unrivalled quality that the world wants to buy.



**Thames Television International: British programmes for the world**

Thames Television  
306-316 Euston Road  
London NW1 3BB  
01-387.9494

HOME NEWS

British Gas seeks greater freedom to make profits

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH GAS Corporation, which last year made a profit of £3.5m., is seeking Government approval for a financial target which would enable it greatly to improve its performance.

Sir Denis said this would enable the corporation to build up reserves to a level of between £800m. and £700m. This was essential if the undertaking was to meet future expenditure on each project as the proposed gas-gathering pipeline network and the possible development of the Irish Sea Morecambe Field.

Target The corporation's profit in the past financial year represented a 1.6 per cent. return on turnover. It was achieved even with an accelerated rate of depreciation based on replacement costs, rather than historic costs. This year British Gas expects to do much better.

Caveat He pointed out that when the corporation announced a 12.8 per cent. price rise in October last year it stated that no further increase would be sought for 12 months—subject to the Govern-



Sir Denis Rooke: Essential to build up reserves to pay for future spending.

calling that the corporation was later asked to raise prices again and to repay £160m. to the National Loans Fund as part of the International Monetary Fund loan package.

British Gas expects to use up the excess by March 31 next year. It knows that it will not be allowed to raise prices until the money has been spent.

Plutonium 'unlikely target for terrorists'

Financial Times Reporter

PLUTONIUM USED at nuclear power plants is not an attractive target for terrorists, Dr. Donald Avery, deputy managing director of British Nuclear Fuel, said yesterday.

WINDSCALE INQUIRY

In the form or quality used for military weapons. When used in reactors it was always blended with uranium oxide and there was no simple way of separating them.



Management game win for Rank Xerox

RANK XEROX set a record by winning the National Management Game for the second year in succession last night, writes Michael Dixon.

The contest, which is sponsored by the Financial Times, ICL and the Institute of Chartered Accountants in England and Wales, in association with the CBI and the Institute of Directors.

started in January with 300 entrants—was given by being a domestic within the Unilever group's Walls Ice-cream subsidiary eventually to total £25m. Unilever itself lost of the four finalists £5.1m.

Shell and Esso shut oil flow from Auk Field in North Sea

BY OUR ENERGY CORRESPONDENT

SHELL AND ESSO have halted oil production from their North Sea Auk Field in order to carry out routine maintenance. It means that all oil supplies from the companies' U.K. offshore concessions have been interrupted.

The single Auk Field platform will be out of service for about three weeks. Shell said that closure was due to planned maintenance.

to be in the 250m-500m barrels range. Shell and Esso are so encouraged by the discovery that they may not drill any further wells before deciding to go ahead with commercial development.

The field, with an estimated 7.5m. cubic feet of gas reserves, is expected to be on stream next month. British Gas will begin taking contract quantities of Frigg gas in October.

Last month they closed the "B" platform on Brent Field—the only production unit to be commissioned—in order to install more equipment. Then the Department of Energy directed that the platform should remain closed until Shell and Esso had overcome the problem of wasted gas.

The Government wants the oil industry partners to re-inject the gas into the Brent Field until a gas production scheme is set up. The directive could mean that Brent's "B" platform will be out of action for 11 months.

An agreement covering the development of the Anglo-Norwegian Frigg gas field took effect yesterday. It is the first agreement of its kind to embrace the development of a gas field which straddles an international median line.

DFDS, the Danish shipping line, is expected to decide soon whether to start a second passenger service from the Tyne.

City defends its record in boosting the economy

FINANCIAL TIMES REPORTER

A SHARP rebuff to any claims that the U.K.'s capital market mechanism is responsible for Britain's poor industrial performance is delivered by the City Capital Markets Committee in its evidence to the Wilson Committee reviewing financial situations.

RTZ tak appeal to the Lord

By Paul Cheswright

IN ITS attempt to avert the Westinghouse uranium, the RTZ Zinc-Cor today fights the fact legal battle to the 11 Lords. It is seeking which would prevent seven executives from having evidence in a U.S. court.

City defends its record in boosting the economy

FINANCIAL TIMES REPORTER

comparisons. In particular the committee sets out to establish that the Stock Exchange is not a Casino, as some have inferred. It shows that far from being a Casino, the London stock market appears by international standards to be only normally active, at least as far as concerns the ratio of turnover to equity capitalisation.

City defends its record in boosting the economy

FINANCIAL TIMES REPORTER

Recommending changes, the committee urges that the existing tax discrimination against industrial investments, headed by Mr. Ian Fraser, the deputy chairman of Lazard Brothers and chairman of Balfour Beatty.

COMPANY NOTICES

ANGLO AMERICAN CORPORATION GROUP TRANSVAAL GOLD MINING COMPANIES Interim Dividends—Financial Years Ending 31st December 1977. Further to the dividend notice advertised in the press on the 10th June 1977 the conversion rate applicable to payments in United Kingdom currency in respect of the undistributed dividends to shareholders registered on the 24th July 1977 is £1 = R1.497577.

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of POLYTECHNIC PRINTERS LIMITED and the Matter of The Companies Act 1965. KOEHLER IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was presented to the said Court by NESSADAL LIMITED on the 10th day of June 1977, and that the said Petition is now pending in the said Court.

Advertising spending last year exceeded £1bn.

BY PAMELA JUDGE SPENDING on advertising in the U.K. rose to nearly £1.2bn. last year, an increase of £280m. over the previous year, according to the Advertising Association.

Shipping bid by Holiday Inns

MEMPHIS, July 26. HOLIDAY Inns said its Delta Steamship Lines unit has tentatively agreed to buy certain assets and trade routes of Prudential Lines Inc., a subsidiary of P&S Steamship Company of New York.

Turner Newall will speed asbestos substitute study

BY DAVID FISHLICK, SCIENCE EDITOR PLANS TO intensify its research into substitutes for asbestos have been announced by Turner and Newall.

City defends its record in boosting the economy

should go, as should stamp duty established in July 1974, to speak for the City.

BOND DRAWING

CHILEAN EXTERNAL LONG TERM DEBT. LAW No. 3952 CHILEAN GOVERNMENT 6% LOAN 1976. Notice is hereby given that the Sinking Fund of the above Loan for August 1977, being the final amount of £400,000, has been purchased for £30,000 drawn for redemption.

PUBLIC NOTICES

SUPPLY OF ELECTRICITY METERS: REFERENCE TO THE MONOPOLIES AND MERGERS COMMISSION. The Director General of Fair Trading has asked the Monopolies and Mergers Commission to investigate the supply of electricity meters. Any person or organisation who may have evidence which could help the Commission in their enquiry is invited to write to:

Leyland 'will not need' £400m.

BY TERRY DODSWORTH BRITISH LEYLAND will not need all of the £400m. the Government was "ready to loan" the company next year, according to Mr. Alex Park, chief executive of the State-owned company, in an interview published in Autocar magazine.

City defends its record in boosting the economy

should go, as should stamp duty established in July 1974, to speak for the City. Echoing evidence already submitted by the City's component institutions, the committee defends the private enterprise system and the City's part in it. It urges that "nothing should be done to diminish the effectiveness of the financial sector's wealth-creating ability."



These particulars are issued in compliance with the requirements of the Council of The Stock Exchange for the purpose of giving information to the public with regard to the Company and are not an invitation to any person to subscribe for, or purchase any shares in the Company. The directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in relation to the Company and its subsidiaries and confirm having made all reasonable enquiries that to the best of their knowledge and belief there are no facts, the omission of which would make any statement herein misleading.

# HAWTIN LIMITED

(Incorporated in England under the Companies Act 1963; No. 7317)

In this document "The Company" means Hawtin Limited; "the Group" the Company and all its subsidiaries; "Planet" Planet Gloves (Industrial) Limited (being the company now carrying on the business formerly carried on by Planet Gloves (Caerphilly) Limited); "Glyme" The Glyme Glove Co. (1964) Limited; "Eurodec" Eurodec Sales Limited; "P.T.C." P.T.C. Plastics Limited; "Panda" Panda Workwear Limited; "Hollingworth" E. D. Hollingworth & Son Limited; "Peak" Peak Protective Gloves Limited; "Safety Specialists" Safety Specialists (Biggleswade) Limited; "the Preference Shares" the issued 4.55 per cent Cumulative Preference Shares of £1 each of the Company.

Application has been made to the Council of The Stock Exchange for all the issued Ordinary Shares of 5p each and all the issued 4.55 per cent Cumulative Preference Shares of £1 each in the Company to be admitted to the Official List.

Authorised		Issued and fully paid	
£2,250,000	Ordinary Shares of 5p each	£1,691,879-40	
£750,000	4.55 per cent Cumulative Preference Shares of £1 each	£548,750-00	

At the close of business on 30th June, 1977, the Group had outstanding secured bank overdrafts of £397,463, £176,887 4 per cent Perpetual Debenture Stock (of Metropole Enterprises (Blackpool) Limited, secured by a first charge on its assets) and secured liabilities for deferred purchase consideration amounting to £550,000. A subsidiary has a contingent liability for bills discounted amounting to £61,422. The Company has given an indemnity to the purchaser of F. A. Standen & Sons Limited against any claim or claims made or which may be made against that company or any of its subsidiaries by an engineering company for patent infringement. The directors are of the opinion that no liability is likely to arise under this indemnity.

The Inland Revenue have raised an estimated assessment on the surplus arising from the disposal of the silencer division. The Company has appealed against this assessment and advisers to the Company have confirmed their opinion that no corporation tax liability arose on the disposal. Save as aforesaid, and apart from intra-group indebtedness, no company in the Group had outstanding on that date any borrowings, or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchase commitments or guarantees or other material contingent liabilities.

**DIRECTORS**

Hawtin (Chairman)  
 11, Ballam, Lytham, FY8 4NL.  
 George Coope, F.C.A. (Joint Managing Director and Financial Director)  
 10, Heys Road, Blackpool, FY3 8NP.  
 Felix Gregory, M.A. (Joint Managing Director)  
 1, Stone Fach, Llanrhaunan, nr. Barry, Mid-Glamorgan, CF6 9AS.  
 "Dovey, Non-Executive Director"  
 11, Rochestown Road, Co. Cork, Eire.  
 Hawtin, Non-Executive Director  
 1, Sealand Avenue, Blackpool, FY1 1QL.  
 Haydock, Non-Executive Director  
 1, The Craft, Wiswell, Whalley, Blackburn, BB6 9BY.

**SECRETARY AND REGISTERED OFFICE**

John Touge Coope, F.C.A.  
 Metropolitan House, Preston New Road, Blackpool, FY3 9TJ.

**BROKERS**

Henry Cooke, Lumsden & Co.  
 Arkwright House, Parsonage Gardens, Manchester, M60 3AH  
 and The Stock Exchange.

**AUDITORS AND REPORTING ACCOUNTANTS**

Spicer and Pegler, Chartered Accountants  
 12, Booth Street, Manchester, M60 2ED.

**SOLICITORS**

Addleshaw, Sons & Latham  
 Dennis House, Marsden Street, Manchester, M2 1JD.

**BANKERS**

National Westminster Bank Limited  
 19, King William Street, Blackburn, BB2 1JW.

The Company was incorporated on 16th May, 1973 as The Dental Manufacturing Limited and was engaged in the manufacture of artificial teeth and dental appliances. With the introduction of free dental treatment under the National Health Service Act 1948, there was considerable expansion, but following the imposition of a cap on dental treatment fees, a reduction in the volume of dental work was experienced. In order to broaden its base of operation, the Company embarked on a programme of diversification through acquisition and by 1965 was additionally engaged in general engineering, chemicals and plastics, house building and in 1968 the original dental business was sold and the name of the Company changed to Hawtin Industries Limited. The proceeds of the sale were used in the expansion of the Company's other interests. In 1970, following the disposal of certain engineering interests, the Company entered the merchant banking field through the acquisition of Metropole Enterprises (Blackpool) Limited and its subsidiary, Hawtin & Partners Limited.

The Company changed its name to Hawtin Limited. The banking subsidiary Hawtin & Partners Limited obtained Section 123 status under the Companies Act 1967, ceased its consumer credit and banking activities. The growth of these activities had required constant flow of funds and the majority of the other subsidiaries not involved in these activities were sold to meet these requirements. The fall in property prices was the principal factor in the collapse of the secondary banking sector in the Group in serious financial difficulties. Long-term funds had been acquired in convertible subordinated loans amounting to £15 million and a five year Euro-currency loan, but by the autumn of 1974, it was apparent that the Group could only survive by the immediate cessation of its banking activities and its disposal of long-term liabilities. On 16th December, 1974, The Stock Exchange suspended at the Company's request following an agreement in principle between the Company and Gilwise Limited, a member of the Gulf Western Associates, for the sale of Hawtin & Partners Limited to Gilwise Limited, for a nominal consideration. At this transaction the Company disposed of the entire banking and services division, including the long-term liabilities and was released from its liabilities in respect of that business. In January, 1976, the Company reorganised its industrial interests by entering the protective clothing and equipment field with the acquisition of the business of Planet. This policy was implemented by the purchase in March, 1977 of Hollingworth. During this Group expanded the distribution side of this business in Eire by the incorporation, and has recently acquired the business of another safety equipment manufacturer in Biggleswade, Bedfordshire.

**BUSINESS ACTIVITIES**

The Company is a holding company engaged in the management of subsidiaries whose principal activities are as follows:  
 1. Manufacture of industrial gloves and the distribution of gloves and other protective clothing.  
 Planet, which started in 1956 and is based at Caerphilly, South Wales, imports and distributes industrial gloves, and other protective clothing, and reconditioning of used gloves, mainly on a contract basis. Gloves are made in the Far East, mainly from Hong Kong, and are made to a high standard specification.  
 The Company manufactures industrial gloves at Louth in Lincolnshire, and its factory has been extended to cope with increased demand.  
 In March, 1977, the Company acquired Hollingworth (see material contract 12) together with its subsidiary, Peak, manufacturers industrial chrome leather footwear and Tideswell, Derbyshire. Hollingworth also imports and factors of industrial gloves and protective clothing. The Company's subsidiary, Safety Specialists, previously dormant, recently acquired the business of a distributor of clothing and safety equipment and operates from Biggleswade, Bedfordshire, under contract 13 below. Panda commenced business distributing protective safety equipment in Eire in October, 1976.  
 The Company supplies customers throughout the United Kingdom and no one customer accounts for more than 5 per cent of Planet's turnover. The majority of its larger items are traded with Planet for many years.  
 The Company mainly supplies direct users in industry and no one customer accounts for more than 5 per cent of turnover.  
 The Company distributes products to the D.I.Y. trade.  
 Eurodec are engaged in the distribution from South Wales of P.V.C. roof boards, louvre and carved doors to the D.I.Y. and builders' merchants.

**PROPERTY INVESTMENT AND MANAGEMENT**

The Company's properties (Holdings) Limited and Metropole Enterprises (Blackpool) Limited properties which are either leased to third parties or occupied by companies for their own use. These properties were retained when the Company's banking and financial interests. In February, 1977, the Company acquired Planet Limited for a consideration approximately equal to its net asset value (contract 11). Its main asset is the premises at Llantrisant partly occupied by the Company, as set out below. It is not intended to extend the property activities of the Company.  
 The Company's subsidiary, Hawtin & Partners Limited, acquired in 1963, is based in North London and is engaged in engine reconditioning.

**PROPERTY OWNED OR OCCUPIED BY THE GROUP**

Occupier	Area sq. ft.	Tenure	Term of years	Rent p.a. £	Payable
Planet	28,000	Freehold			

Address and Description	Occupier	Area sq. ft.	Tenure	Term of years	Rent p.a. £	Payable
3. Part of Model House, Llantrisant, Mid-Glamorgan	Planet	6,000	Freehold			
4. Trecanydd Industrial Estate, Caerphilly, Mid-Glamorgan	P.T.C. and Eurodec	25,000	Leasehold	7 years from 13.3.1972 (note (i))	7,800	Not subject to review
5. Little London Road, Sheffield, South Yorkshire	Hollingworth	5,000	Freehold			
6. Warehouse and Offices, Tideswell, Derby, Derbyshire	Peak	2,200	Leasehold	3 years from 1.8.1974 (note (ii))	1,000	Not subject to review
7. North Holme Road, Lough, Lancs. Factory and Offices	Glyme	9,850	Leasehold	25 years from 1.1.1977 (note (iii))	2,300	7 year reviews
8. Sun Street, Biggleswade, Beds.	Safety Specialists	6,500	Leasehold	28 years from 10.4.1972 (note (iv))	2,428	7 year reviews
9. Unit 5, Glanmire House, Lower Glanmire Road, Cork, Eire	Panda	10,000	Leasehold	27 years from 1.8.1976	10,000	3 year reviews
10. Metropole Hotel, Blackpool, Lancs.	Lat		Freehold	99 years from 4.12.1964 increasing by 5,000 in 1984 tenant's right and every 10 years thereafter	31,000	
11. Metropolitan House, Preston New Road, Blackpool, Lancs.	(a) Lat	8,000	Freehold	5 years from 25.6.1977	3,500	Not subject to review
	(b) Lat	24,743	Freehold	21 years from 1.8.1976	12,100	Reviewable every 4 years
	(c) Lat	12,000	Freehold	20 years from 3.12.1976	9,500	Reviewable every 4 years
	(d) Lat	15,000	Freehold	20 years from 25.3.1977	6,500	Reviewable every 5 years
	(e) Vacant (on offer)	22,000	Freehold			
12. Clough End Mill, Haslingden, Lancs.	Lat	65,000	Freehold	21 years from 1.9.1970	9,000	Reviewable every 7 years
13. Lund Street, Greater Manchester	Lat	20,000	Freehold	21 years from 1.8.1970	5,750	Reviewable every 7 years
14. Part of Model House, Llantrisant, Mid-Glamorgan	Lat	4,500	Freehold	20 years from 5.7.1977	1,900	Reviewable every 5 years

**Notes:**  
 (i) On the expiration of the present lease in 1979, P.T.C. and Eurodec will be able to hold over under the relevant landlord and tenant legislation protecting such a tenant. The requirements of these subsidiaries will be reviewed at that time. It is not anticipated that there will be any difficulty in obtaining other accommodation should the need arise.  
 (ii) A new lease is currently being negotiated. On the expiration of the lease in August, 1977, Planet will be able to hold over under the relevant landlord and tenant legislation.  
 (iii) A new lease was obtained in January, 1977, a term of which required the erection of a new extension to the factory by Glyme, which has now been built at a cost of approximately £13,550.  
 (iv) These premises are being acquired pursuant to material contract 13, at a premium of £29,500.

**DIRECTORS, MANAGEMENT AND EMPLOYEES**

Mr. F. Hawtin (aged 75) has been Chairman of the Company since 1949. He was joint managing director until 1970 when the Company disposed of its main industrial subsidiaries and has since been employed as Executive Chairman.  
 Mr. R. F. Gregory (aged 41) was appointed to the board in January 1976, on the acquisition of Planet. He is Joint Managing Director with overall responsibility for all the subsidiaries engaged in the manufacture, import and distribution of industrial gloves and protective clothing, and the distribution of D.I.Y. products.  
 He has a wide experience in these fields and was responsible for the establishment and

success of Planet. Mr. Gregory has a Service Agreement with the Company, details of which are set out under "Directors' Interests" below.  
 Mr. J. T. Coope (aged 52), a Chartered Accountant, is Joint Managing Director and Finance Director, and also Company Secretary. He has been a director of the Company since 1970. Mr. Coope has a Service Agreement with the Company, details of which are set out under "Directors' Interests" below.  
 Mr. P. Hawtin (aged 66), a director since 1949 is non-executive but retains responsibility for property management and engineering interests.

The following are the main Subsidiary Company Executive Directors:  
 J. E. Goddard (aged 57) Sales director - Planet and Glyme  
 G. L. Bennett (aged 41) Financial director - Planet  
 P. R. Mann (aged 55) Managing director - Glyme  
 J. Price (aged 47) Joint Managing directors  
 R. J. Guscott (aged 55) P.T.C. and Eurodec  
 G. Oates (aged 38) Managing director - Hollingworth  
 D. E. Hollingworth (aged 50) Managing director - Peak  
 Mr. L. Dovey (aged 49) and Mr. A. Haydock (aged 69) are both non-executive directors of the Company. Mr. Dovey is the chairman of Dovey Holdings South Wales Limited and its associated companies which have interests in property and motor businesses. Mr. Haydock is a director of Rawlings Bros. Limited.  
 The Group employs approximately 350 people and labour relations throughout the Group are good.

**PROFITS, PROSPECTS AND DIVIDENDS**

**1. Profits**  
 The directors expect that the profits before taxation of the Group for the financial year ending 31st January, 1978 will, in the absence of unforeseen circumstances, be not less than £700,000. These will include a contribution from Hollingworth, Peak and Safety Specialists for a ten-month period.

**2. Prospects**  
 It is the directors' intention to concentrate the Group's efforts mainly in the safety and protective clothing industry, which they believe is a field which has good prospects of growth. Customers are well-spread on a national basis, and the Group is well-placed to take advantage of any improvement in general trading conditions. The Group is constantly looking for opportunities for further expansion in the safety equipment and protective clothing field, both organically and by acquisition. The directors view the future with confidence.

**3. Dividends**

At the present time, the directors do not envisage that any ordinary dividends will be paid in respect of the financial year ending 31st January, 1978.  
 No preference dividends have been paid since 30th June, 1974. The directors intend to resume payment of the preference dividend on 31st December, 1977 in respect of the half year ended on that date and to pay all arrears of the preference dividend (amounting to 13.65p per share, £74,904 in total) on 1st January, 1978. Holders of the Preference Shares are entitled to attend and vote at general meetings of the Company whilst the preference dividend is in arrears.

**4. Bases and Assumptions**

The profits forecast of the Group for the financial year ending 31st January, 1978 set out above takes into account available unaudited management accounts and has been made by the directors of the Company on the following principal assumptions:  
 (i) Sales and gross profit margins will continue in line with levels and trends experienced in the current financial year to date, adjusted for normal seasonal factors.  
 (ii) There will be no material change in the current trends of cost inflation.  
 (iii) There will be no material change in existing import quotas on the Group's products.  
 (iv) Supplies of goods and services to the Group will not be interrupted.  
 (v) There will be no material change in exchange rates.  
 (vi) Interest rates and the bases and rates of taxation, both direct and indirect, will not change materially from those which apply at present.  
 (vii) The present management and accounting policies will not be changed.  
 (viii) Trading results will not be affected by industrial disputes.

**5. Reports on the Profits Forecast**

The following are copies of letters received by the Company from Spicer and Pegler and Henry Cooke, Lumsden & Co.,  
 (i) From the Company's auditors, Spicer and Pegler:—  
 The Directors,  
 Hawtin Limited,  
 Metropolitan House,  
 Preston New Road,  
 Blackpool,  
 FY3 9TJ.  
 12 Booth Street,  
 Manchester,  
 M60 2ED.  
 26th July, 1977.

Dear Sirs,  
 We have reviewed the accounting bases and calculations of the profits forecast of Hawtin Limited and its subsidiaries ("the Group"), for which the directors are solely responsible, for the year ending 31st January, 1978, referred to in the document to be dated 26th July, 1977. In our opinion, the forecast, so far as the accounting bases and calculations are concerned, has been properly compiled on the basis of the assumptions made by the directors and set out in the document, and is presented on a basis consistent with the accounting practices normally adopted by the Group.  
 Yours faithfully,  
 SPICER AND PEGLER,  
 Chartered Accountants.

(ii) From the Company's financial advisers, Henry Cooke, Lumsden & Co.:—  
 The Directors,  
 Hawtin Limited,  
 Metropolitan House,  
 Preston New Road,  
 Blackpool,  
 FY3 9TJ.  
 12 Booth Street,  
 Manchester,  
 M60 3AH,  
 26th July, 1977.

Dear Sirs,  
 We have discussed with you and with your auditors, Spicer and Pegler, the profits forecast of Hawtin Limited and its subsidiaries for the year ending 31st January, 1978 referred to in the document to be dated 26th July, 1977.  
 In our opinion, the profits forecast (for which you as directors are solely responsible) has been made after due and careful enquiry.  
 Yours faithfully,  
 for Henry Cooke, Lumsden & Co.,  
 P. G. CLEMENCE,  
 Director.

# HAWTIN LIMITED

## PRO-FORMA CONSOLIDATED BALANCE SHEET OF THE COMPANY AND ITS SUBSIDIARIES

The following is a pro-forma consolidated balance sheet of the Company based upon the consolidated audited balance sheet of the Company and its subsidiaries as at 31st January, 1977 adjusted for the acquisitions of:

- (i) Hollingworth, using its consolidated audited accounts as at 31st March, 1977.
- (ii) The net assets of the business acquired by Safety Specialists on 21st April, 1977.
- (iii) Planet Gloves Limited, using its net assets acquired on 7th February, 1977, for cash considerations of £230,000, £128,477 and £44,814 respectively, giving rise to additional goodwill on consolidation of £101,214.

<b>CURRENT ASSETS</b>	
Stocks	1,847,873
Debtors	1,771,325
	<b>3,618,998</b>
<b>CURRENT LIABILITIES</b>	
Creditors	909,239
Bank borrowings	538,870
Acceptance credits	578,766
Current taxation	355,949
	<b>2,382,824</b>
<b>NET CURRENT ASSETS</b>	
	<b>1,236,174</b>
<b>FIXED ASSETS</b>	
	<b>1,321,308</b>
<b>2,557,482</b>	
<b>Less:</b>	
DEFERRED TAXATION	(383,201)
LOANS	(727,987)
MINORITY INTERESTS	(3,995)
<b>NET TANGIBLE ASSETS</b>	
	<b>£1,462,299</b>
<b>Representing:</b>	
ORDINARY SHARE CAPITAL	1,691,879
PREFERENCE SHARE CAPITAL	548,750
REVENUE RESERVE	(148,888)
<b>SHAREHOLDERS' FUNDS</b>	
	<b>2,091,941</b>
<b>Less:</b>	
GOODWILL ARISING ON CONSOLIDATION	(628,642)
	<b>£1,462,299</b>

Notes:  
 (i) The assets of Hollingworth as mentioned above are shown in the Accountants' Report on Hollingworth set out below.  
 (ii) The tangible assets acquired by Safety Specialists as mentioned above comprised stocks—£82,350; vehicles, plant and machinery—£18,727.  
 (iii) The tangible assets of Planet Gloves Limited as mentioned above comprised debtors—£13,630; cash at bank—£4,102; freehold property—£30,000; liabilities comprised creditors—£281; taxation—£1,636.

### ACCOUNTANTS' REPORTS

The following are the Accountants' Report on the Group (excluding Hollingworth); Planet Gloves (Caerphilly) Limited; and Hollingworth.  
 A. The Group (excluding Hollingworth)  
 The Directors:  
 Hawtin Limited,  
 12 Booth Street,  
 Manchester,  
 M60 2ED.  
 26th July, 1977.

Gentlemen,  
 1. We have examined the audited accounts of Hawtin Limited ("the Company") and its subsidiaries for the five years ended 31st January, 1977 or, in the case of subsidiaries, from the dates of their incorporation or acquisition by the Company where this is a shorter period. The Company and its subsidiaries are collectively referred to as "the Group". With the exception of Hawtin & Partners Limited for the year to 31st January, 1973, we have been auditors of the Company and its subsidiaries for the five years under review.

2. ACCOUNTING POLICIES  
 The following accounting policies are currently employed by the Group. The profit and loss accounts and balance sheets of earlier periods reflect these policies except as indicated in paragraph 2 (f) below.

- (a) Basis of Accounting: The accounts are presented on the basis of historic cost.
- (b) Consolidation: The consolidated accounts include the results and with the exception explained in paragraph 4 note (i) below the net assets of the Company and all its subsidiaries at each accounting period end.
- (c) Deferred Taxation: Provision has been made in respect of future taxation at the ruling rate at the balance sheet dates, after deducting the unused trading losses of certain subsidiaries and advance corporation tax recoverable, on the following:
  - (i) The excess of allowances for taxation purposes over depreciation charged in the accounts.
  - (ii) Timing differences between expenses provided for in the accounts and corresponding allowances for taxation purposes.
  - (iii) Stock appreciation relief.
  - (iv) Corporation tax which would arise upon the disposal of revalued land and buildings at their balance sheet values.
- (d) Stocks: Stocks and work in progress have been valued at the lower of cost including, in the case of items manufactured by the Group, factory and appropriate administrative overheads and estimated net realisable value.
- (e) Depreciation: Depreciation has been provided on fixed assets, other than freehold land and buildings and leaseholds having in excess of fifty years to run, by equal annual instalments at varying rates, designed to write-off the assets over their estimated useful lives. No depreciation has been provided in the year of purchase but a full year's depreciation has been provided in the year of sale of an asset.
- (f) Instalment Credit Lending:
  - (i) At 30th November, 1973, unearned interest was carried forward on the basis of the actuarial yield accrual method. Brokerage commissions paid were treated as prepaid and written off over the term of the loans using the sum of the digits method.
  - (ii) Until 30th November, 1973 for first and second mortgage contracts, the total finance charges less non-rebatable service charges (credit for which was taken immediately) were treated as unearned interest at the time the loans were made and were taken to the credit of the profit and loss account as earned income on the basis of the sum of the digits accrual method.
  - (iii) Until 30th November, 1973 for hire purchase loans, the unearned interest was calculated at 12½% of the total amounts outstanding on hire purchase loans as at the accounting date.

3. RESULTS  
 The turnover and results of the Group for the five years ended 31st January, 1977 arrived at on the basis stated in the notes below were as follows:—

Note	Year to 31st Jan. 1973	10 months to 30th Nov. 1973	14 months to 31st Jan. 1975	Year to 31st Jan. 1976	Year to 31st Jan. 1977
<b>Turnover</b>					
Protective clothing and D.I.Y.				2,431,756	4,461,099
Engine reconditioning	148,000	138,000	185,000	186,324	222,322
Property rental	158,484	103,320	135,211	67,104	26,837
Merchant banking	5,274,000	8,491,000	13,548,819	—	—
	<b>5,588,484</b>	<b>8,774,320</b>	<b>13,970,020</b>	<b>2,685,184</b>	<b>4,712,058</b>
Total operating costs	3,745,162	10,222,154	18,689,026	2,358,292	4,118,497
Profit/(Loss) before taxation	1,843,322	(1,447,834)	(4,719,006)	326,892	593,561
Taxation	929,181	(263,487)	(96,371)	145,402	61,260
Profit/(Loss) after taxation	914,141	(1,184,347)	(4,735,377)	181,490	532,301
Pre-acquisition profits	(14,502)	(51,287)	—	(154,377)	—
Extraordinary items	(1,464,834)	(411,168)	(498,866)	(54,190)	(81,095)
Minority interests	(8,844)	(185)	—	—	2,000
Profit/(Loss) attributable to shareholders	(581,829)	(1,696,977)	(5,231,431)	(27,067)	513,206
Preference dividend	35,663	24,868	12,464	—	—
Profit/(Loss) attributable to ordinary shareholders	(617,492)	(1,721,845)	(5,243,895)	(27,067)	513,206
Ordinary dividend	595,809	187,081	—	—	—
Retained profit/(loss)	(21,683)	(1,534,764)	(5,243,895)	(27,067)	513,206
Earnings per share	2-94p	(4-38)p	(16-94)p	0-01p	1-51p

Notes:  
 (i) The figures shown above have been derived from the audited accounts after making such adjustments as we consider appropriate.  
 (ii) Turnover consists of the total amounts receivable for interest earned, and goods and services provided, but excluding intra-group transactions and VAT.  
 (iii) (a) Total operating costs include all operating expenses and the specific expenses shown below:—

	Year to 31.1.73	10 months to 30.11.73	14 months to 31.1.75	Year to 31.1.76	Year to 31.1.77
Depreciation	38,287	57,484	220,467	42,841	46,557
Directors' fees	4,000	4,167	—	—	—
— management emoluments	75,110	82,075	159,483	66,930	50,884
Interest payable	1,517,783	3,377,707	8,316,116	46,311	54,675

The following income is credited within total operating costs:—

	Year to 31.1.73	10 months to 30.11.73	14 months to 31.1.75	Year to 31.1.76	Year to 31.1.77
Investment income	—	—	—	—	—
— quoted	8,244	12,247	—	—	—
— unquoted	—	11,220	15,700	4,278	—
— from subsidiaries sold (see below)	320,000	—	—	—	—

The agreement for the sale of certain subsidiaries in the year ended 31st January, 1973 entitled the Company to receive dividends of £192,000 equivalent to £320,000 before corporation tax. These dividends were equivalent to the profits of the subsidiaries as shown by their management accounts from 1st February, 1972 up to the date of sale.

(b) The operating costs for the ten months ended 30th November, 1973 include an exceptional charge of £2,557,448 in respect of the change in the basis of calculating unearned interest on instalment credit lending to 30th November, 1973 and it has not been possible to apportion this charge between the period to 30th November, 1973 and earlier periods.  
 (iv) The profit before taxation of £326,892 for the year ended 31st January, 1976 included £331,937 attributable to Planet Gloves (Caerphilly) Limited and its subsidiaries for the nine months ended on that date. The purchase of Planet Gloves (Caerphilly) Limited was completed on 30th January, 1976 and in accordance with the Group's consolidation accounting policy the trading results of Planet Gloves (Caerphilly) Limited and its subsidiaries for the nine months ended 31st January, 1976 have been included in the profit before taxation and then deducted as pre-acquisition profits. The profit of Planet Gloves (Caerphilly) Limited and its subsidiaries before taxation and extraordinary items for the three financial periods before acquisition by the Company were:—

10 months to 30th April, 1973	£352,563
12 months to 30th April, 1974	£553,959
12 months to 30th April, 1975	£429,379

(v) By an agreement dated 10th June, 1975 the Company sold its merchant banking activity consisting of Hawtin and Partners Limited and its banking subsidiaries. The profit/(loss) before taxation of this activity included in the tabulation of results above were:—

Year to 31st January, 1973	£1,439,000
10 months to 30th November, 1973	£1,569,000
14 months to 31st January, 1975	£(4,395,714)

The loss for the ten months to 30th November, 1973 includes the exceptional charge of £2,557,448 mentioned in paragraph 3 (iii) (b) above.

(vi) The charges for taxation in each period are based on the provisions contained in the audited accounts but have been amended to take account of adjustments made and the reallocation of prior year items.

(vii) Extraordinary items consist of:—

	Year to 31.1.73	10 months to 30.11.73	14 months to 31.1.75	Year to 31.1.76	Year to 31.1.77
Loss/(Profit) on sales of subsidiaries	1,558,634	386,480	(1,658,418)	4,322	(7,575)
Provisions and losses on investments	—	—	87,465	—	16,713
Capital gains tax provision on income required	(110,000)	—	—	—	—
Formation expenses	15,000	24,878	—	—	—
Loss/(Profit) on sale of fixed assets	—	—	(24,386)	8,266	—
Goodwill written off	—	—	2,624,215	—	5,000
Cost of abortive acquisitions	—	—	—	8,332	2,886
Deficit on property revaluation	—	—	—	32,259	—
Costs of capital reduction	—	—	—	—	4,071
Prior year deferred taxation	—	—	60,300	—	—
	<b>1,404,634</b>	<b>411,168</b>	<b>498,666</b>	<b>54,100</b>	<b>21,095</b>

(iii) Ordinary dividends were declared at the following rates:—

31.1.75:	Interim 8% gross on £2,973,099
	Final 17.2% gross (12.04% net) on £2,973,099
30.11.73:	Interim 8% gross (5.6% net) on £2,983,759
	Final —
31.1.75:	—
31.1.76:	—
31.1.77:	—

(ix) The calculation of earnings per share is based on the profit attributable to ordinary shareholders after deducting a notional preference dividend where such dividend has not been paid) before extraordinary items and on the average number of shares in issue in each year.

4. BALANCE SHEETS  
 The net tangible assets of the Company and the Group as at 31st January, 1977 and of the Group at the end of each of the five preceding financial periods are shown below. These are as shown by the relevant audited accounts, but after making such adjustments as we consider appropriate.

The Company	31st Jan. 1977	31st Jan. 1976	30th Nov. 1973	31st Jan. 1975	31st Jan. 1976	31st Jan. 1977
<b>CURRENT ASSETS</b>						
Stocks	1,847,873	1,416,816	18,887	21,854	888,487	1,537,324
Debtors	13,249,587	14,271,144	49,789,868	687,113	1,171,971	1,432,305
Bank balances and cash	702,942	5,019,587	4,847,464	18,167	177,675	360,843
	<b>18,798,240</b>	<b>30,487,547</b>	<b>57,736,799</b>	<b>728,228</b>	<b>2,038,143</b>	<b>3,330,542</b>
<b>CURRENT LIABILITIES</b>						
Creditors	3,312,277	1,518,065	3,300,282	267,158	275,194	672,861
Current deposit and other accounts	6,068,409	21,823,754	27,286,237	—	—	—
Bank borrowings	1,716,353	2,701,178	6,723,011	—	288,211	373,738
Acceptance credits	810,889	1,705,825	—	71,125	49,582	578,766
Current taxation	413,811	720,862	324,856	(12,918)	361,696	356,725
Proposed dividend	443,527	749,220	—	—	—	—
	<b>455,838</b>	<b>12,783,866</b>	<b>28,218,444</b>	<b>325,373</b>	<b>972,683</b>	<b>1,025,130</b>
<b>NET CURRENT ASSETS/ (LIABILITIES)</b>						
	<b>(382,734)</b>	<b>4,212,174</b>	<b>7,243,103</b>	<b>14,101,613</b>	<b>402,855</b>	<b>1,095,540</b>
<b>FIXED ASSETS</b>						
INVESTMENTS	7,823	2,451,834	2,013,562	2,254,814	1,443,668	1,189,346
INVESTMENT IN SUBSIDIARIES	1,095,422	786,872	827,460	168,500	104,375	—
	<b>2,718,702</b>	<b>10,023,537</b>	<b>10,863,967</b>	<b>2,016,024</b>	<b>2,398,261</b>	<b>2,767,427</b>
<b>Less:</b>						
DEFERRED TAXATION	(550,000)	(550,000)	(550,000)	(550,000)	(550,000)	(550,000)
LOANS	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
MINORITY INTERESTS	(3,995)	(3,995)	(3,995)	(3,995)	(3,995)	(3,995)
	<b>1,811,707</b>	<b>7,069,584</b>	<b>8,263,502</b>	<b>1,405,802</b>	<b>890,307</b>	<b>1,583,513</b>
<b>NET TANGIBLE ASSETS</b>						
REPRESENTED BY:						
ISSUED SHARE CAPITAL	1,040,000	1,040,000	1,040,000	1,040,000	1,040,000	1,040,000
SHARE PREMIUM	2,320,794	3,321,849	3,232,509	3,332,305	3,332,509	2,740,678
REVENUE RESERVE	2,462,877	3,186,625	3,233,170	3,233,170	3,233,170	—
REVENUE RESERVE/(DEFICIT)	(428,632)	2,996,391	1,783,874	(105,892)	(5,348,877)	(148,888)
SHAREHOLDERS' FUNDS	1,811,707	8,493,448	8,642,717	1,405,802	1,378,725	2,091,941
Less: GOODWILL ARISING ON CONSOLIDATION	(2,831,478)	(1,436,864)	(2,024,215)	—	(528,428)	(628,642)
	<b>1,811,707</b>	<b>7,056,584</b>	<b>6,618,502</b>	<b>1,405,802</b>	<b>850,297</b>	<b>1,462,299</b>

Notes:  
 (i) The assets and liabilities of the merchant banking division sold subsequent to 31st January, 1975 have not been consolidated at that date, the information not being available and the accounts were prepared to reflect the loss on disposal of this division.  
 (ii) The bank borrowings of the Group, as at 31st January, 1977, of £373,378 were secured on properties of the Group.  
 (iii) The fixed assets of the Group at 31st January, 1977 were as follows:—

	Cost or valuation	Depreciation	Net Value
Freehold land and buildings at cost	719,704	—	719,704
at professional valuation in 1961	121,000	—	121,000
at professional valuation in 1975	163,650	—	163,650
	<b>1,004,354</b>	<b>—</b>	<b>1,004,354</b>
Plant, equipment and fixtures	232,447	137,788	94,659
Vehicles and aeroplanes	208,444	87,462	121,982
	<b>1,448,225</b>	<b>225,230</b>	<b>1,221,005</b>

(iv) The loans of the Group, outstanding at 31st January, 1977 were:—

Perpetual A Debentures	177,987
Interest free loan, repayable on 31st December, 1978	550,000
	<b>727,987</b>

The interest free loan of £550,000 is secured by the deposit of 50% of the issued share capitals of Planet Gloves (Caerphilly) Limited and the companies now carrying on certain of the businesses acquired, namely Planet Gloves (Industrial) Limited, the Glyme Glove Co. (1964) Limited and P.T.C. Plastics Limited.

(v) The movement on the issued share capital and share premium account for the five years to 31st January, 1977 were as follows:—

	Share capital	Share premium
Balance at 1st February, 1972	3,320,794	2,452,877
Year ended 31st January, 1973, issued for cash under an option scheme now expired	—	5,167
Year ended 31st January, 1973, issued in consideration for Commercial Finance Corporation Ltd.	114,450	457,800
Year ended 31st January, 1973, issued for convertible loan stock	81,438	264,674
Balance at 31st January, 1973	3,521,682	3,180,525
10 months ended 30th November, 1973, issued for convertible loan stock	10,660	34,645
Balance at 30th November, 1973	3,532,342	3,223,170
Year ended 31st January, 1977, applied against reserves on reduction of share capital	(1,491,800)	(3,223,170)
Year ended 31st January, 1977, issued in respect of loan notes	200,000	—
Balance at 31st January, 1977	<b>2,240,542</b>	<b>—</b>

(vi) At 31st January, 1977 the Group had future capital expenditure commitments of £22,182, of which £8,568 was authorised but not contracted for.

5. ACCOUNTS  
 No audited accounts for the Company, or its subsidiaries at 31st January, 1977, have been made up for any period subsequent to that date.

Yours faithfully,  
 SPICER AND PEGLER,  
 Chartered Accountants,  
 Planet Gloves (Caerphilly) Limited  
 12 Booth Street,  
 Manchester,  
 M60 2ED.  
 26th July, 1977.

Gentlemen,  
 1. We have examined the audited accounts of Planet Gloves (Caerphilly) Limited, formerly called Planet Gloves (Industrial) Limited, and its subsidiaries which were acquired by Hawtin Limited under an agreement dated 30th January, 1976. We have also examined the audited accounts of these subsidiaries of Hawtin Limited which acquired the businesses carried on by Planet Gloves (Caerphilly) Limited and certain of its subsidiaries following a major re-organisation of the Hawtin Limited group on 1st February, 1976. The accounts examined were for the five years and seven months ended 31st January, 1977, with the exception of the accounting periods ended 31st January, 1974, and 31st January, 1977, when we were joint auditors, the accounts of all periods covered by this report were audited by another firm.

For the purposes of this report, when commenting on the accounting policies and results, all the companies which have and are now carrying on the businesses formerly carried on by Planet Gloves (Caerphilly) Limited and its subsidiaries are referred to as the "Planet Group". This definition has also been used when commenting on the balance sheets since, as explained in paragraph 4, information is only given for the periods ending up to 31st January, 1976.

### 2. ACCOUNTING POLICIES

- The following accounting policies are currently employed by the Planet Group. The profit and loss accounts and balance sheets of earlier periods reflect these policies.
- (a) Basis of Accounting: The accounts are presented on the basis of historic cost.
- (b) Consolidation: The consolidated accounts include the results and net assets of the Planet Group at each accounting period end.
- (c) Deferred Taxation: Provision has been made in respect of future taxation at the ruling rate at the balance sheet dates, after deducting the unused trading losses and advance corporation tax recoverable, on the following:
  - (i) The excess of allowances for taxation purposes over depreciation charged in the accounts.
  - (ii) Timing differences between expenses provided for in the accounts and corresponding allowances for taxation purposes.</

HARRISONS & Crosfield chairman

Mr. F. E. Glickert as chairman of Harrisons and Double. Mr. A. J. O. Ritchie, deputy-chairman of Harrisons Bank, has also been appointed a member of the Council.

Mr. John M. Clay, deputy-chairman of Hambros Bank and a director of the Bank of England, will join the Board of WEDGWOOD on August 1. At the same time, Mr. Christopher J. S. Johnson, at present production director of the Wedgwood factory at Barlaston, will join the main Board as group production director.

Executive changes at Gulf Trading

Mr. Ben J. Thomson has been appointed regional vice-president, Western Europe, Africa and the Middle East, for GULF TRADING AND TRANSPORTATION COMPANY, based in London.

Mr. D. A. Wallis has been appointed secretary of BOWMAKER in succession to the late Mr. W. C. Ryall.

INCHCAPE INSURANCE HOLDINGS LIMITED
Inchcape Insurance Holdings announce that Mr. Guy Fritchard, a Director of Inchcape Overseas, has been appointed to the Board of Inchcape Insurance Holdings and becomes Chairman of Bain Dawes Overseas Holdings and Bain Dawes Underwriting Management as from 31st July 1977.

WINTON LIMITED

consists of the invoiced value of sales less returns and allowances, excluding intra-group transactions and VAT.

ating costs include all manufacturing and operating expenses including depreciation and interest as shown above.

r taxation in each year are based on the provisions contained in the audited and amended to take account of the realisation of prior year items.

vidends were declared at the following rates including the appropriate tax

Rate per cent on £100 of shares

Table with 4 columns: Date, Rate per cent, Amount, Amount unpaid. Rows for 31st March 1974, 31st March 1975, 31st March 1977.

nd 1975 the holder of 24,990 shares (49.98% of the issued shares) waived his right

S SHEETS

e assets of Hollingsworth and of the Hollingsworth Group as at the 31st March, 1977

ollingsworth Group at the end of each of the five preceding financial years are

These are as shown by the relevant audited accounts, but after making such

we consider appropriate—

Table with 7 columns: Note, 1972, 1973, 1974, 1975, 1976, 1977. Rows for Current Assets, Current Liabilities, Current Assets less Liabilities, Fixed Assets, Tangible Assets, Net Worth, Share Capital, Reserves, Retained Profits, Holders' Funds.

rrowings at 31st March, 1977 were secured by fixed and floating charges on the

ollingsworth Group.

sets of the Hollingsworth Group at 31st March, 1977 were as follows—

Table with 5 columns: Valuation, Cost, Depreciation, Net Value. Rows for 31st March 1974, 31st March 1975, 31st March 1976, 31st March 1977.

rs' loans were free of interest and had no specified terms of repayment. They

ch, 1977, the issued share capital was increased by £10,000 by way of capitalisa-

reserve resulted from the surplus arising on realisation of the freehold premises

ch, 1977 the Hollingsworth Group had future capital expenditure commitments

S

ounts of Hollingsworth or its subsidiary have been prepared for any period

st March, 1977.

Yours faithfully,

SPICER AND PEGLER, Chartered Accountants.

CAPITAL

f the Company consider that having regard to available Bank facilities, the

out working capital for its present requirements.

IES

of the Company, all of which are private companies incorporated in England

owned unless otherwise stated, are set out below together with their respective

ation and issued share capital—

Table with 4 columns: Business, Date of Incorporation, Issued Share Capital. Rows for various subsidiaries like Distributors of D.I.Y. products, Manufacturers of leather gloves, etc.

In addition to the issued ordinary shares, the following are also held—

Table with 2 columns: Shares, Value. Rows for 111,200 Deferred Shares of £1 each, 50,000 Deferred Shares of 2/6p each, 1,500 10% Redeemable Cumulative Participating Preference Shares of £1 each, 722,670 Deferred Shares of £1 each.

CAPITAL CHANGES

The changes which have taken place in the share capital of the Company and its subsidiaries in

the two years preceding the date of these Particulars are as follows—

- (a) On 11th August 1976, the issued Ordinary Share capital of the Company was by order of the High Court reduced from £2,983,758 to £2,937,588 Ordinary Shares of 10p each to £1,491,879-40 divided into 29,375,888 Ordinary Shares of 5p each. At the same time, the authorised but unissued Ordinary Share capital was reduced to £758,120-60 divided into 15,162,412 Ordinary Shares of 5p.

Save as mentioned above, on 26th July, 1975, no capital of the Company or any of its

subsidiaries has been issued for cash or otherwise or is proposed to be so issued.

A share option scheme for directors and employees, the constitution for an earlier scheme which

had expired, was approved and adopted on 22nd May, 1973, but no options have been granted.

Save as disclosed herein, no share or loan capital of the Company or any of its subsidiaries is

under option or agreed, conditionally or unconditionally, to be put under option. Since 26th July,

1975 no commissions, discounts, brokerages or other special terms have been granted in connection

with the issue or sale of any capital of the Company or any of its subsidiaries.

DIRECTORS AND SUBSTANTIAL INTERESTS

(i) The interests of the directors and their families in the share capital of the Company (as shown

by the register required to be kept in accordance with The Companies Act 1967) are as follows—

Table with 3 columns: Name, Number of Shares, Percentage. Rows for F. Hawtin, J. T. Coope, L. Dovey, R. F. Gregory, P. G. Holdings, A. Haydock.

In addition to these shareholdings, 456,388 Ordinary Shares are held by a trust of which P.

Hawtin and A. Haydock are trustees and 100,000 Ordinary Shares are held by trusts of which

P. Hawtin is a trustee. No director has an interest in the Preference Shares.

(ii) Mr. R. F. Gregory is interested in a Secured Loan of £550,000 owing by the Company to

P. G. Holdings, an unlimited company incorporated in the Isle of Man in which Mr. Gregory has

a substantial shareholding.

(iii) Apart from the holding of 4,000,000 Ordinary Shares (11.82%) by P. G. Holdings set out

opposite Mr. Gregory's name in the above table, the Company is not aware of any holding of

Ordinary Shares of 5% or more of the total Issued Ordinary Share Capital.

(iv) The Company is aware of the following holdings of Preference Shares of 5% or more of the

total Issued Preference Share Capital—

Table with 3 columns: Name, Number, Percentage. Rows for Dawn Estates Limited, Eagle Star Insurance Company Limited, London and Manchester Assurance Company Limited, Safeguard Industrial Investments Limited, Standard Mortgage Company (No. 1) Limited, Standard Mortgage Company (No. 2) Limited.

The balance of 42.29% of the Issued Preference Shares is held by some 115 other persons.

DIRECTORS' SERVICE AGREEMENTS AND INTERESTS IN CONTRACTS

The following are particulars of the Service Agreements of the directors with the Company and its

subsidiaries—

Director J. T. Coope Term 5 years from 1.8.77 Salary £16,000 p.a.

R. F. Gregory Term 5 years from 1.8.77 Salary £16,000 p.a.

Save as aforesaid, none of the directors of the Company has a Service Agreement with the

Company or any of its subsidiaries, that expiring or determinable without compensation (other

than statutory compensation) within 1 year of the termination of the agreement.

The aggregate emoluments of the directors of the Company for the financial year ended 31st

January, 1977 were £50,844. Under arrangements now in force, the aggregate emoluments of

the directors for the financial year ending 31st January, 1978 are estimated to amount to £45,000.

(i) Mr. R. F. Gregory is interested in material contracts 9 and 11.

(ii) Mr. P. Hawtin acquired the whole of the issued share capital of Helewood Engineering

Company Limited from its then owners in November, 1974 and is accordingly interested in

material contract 7. Helewood Engineering Company Limited was one of the Company's

initial contractors in connection with the purchase of the Company's policy of concentrating

on banking activities, as mentioned above, under "History".

(iii) Mr. F. Hawtin acquired 90% of the issued capital of Joseph Storey & Company Limited

from its then owners in November, 1974 and is accordingly interested in material contract

2. Joseph Storey & Company Limited was a subsidiary of the Company and was sold in

January, 1973 in pursuance of the Company's above-mentioned policy.

(iv) Mr. P. Hawtin and Mr. A. Haydock are trustees of certain trusts which acquired control of

Tynelake Limited in October 1976. Accordingly, they are to be considered as interested in

material contracts 3, 4, 5, 6 and 8. Joseph Storey & Company Limited is now a subsidiary of

Tynelake Limited, and accordingly they are to be considered as interested in material con-

tract 2.

(v) Mr. L. Dovey controls the company which owns Unit 5 Glamire House, Cork, which is

leased to Panda.

The Directors resolved, in October 1974, to dispose of certain properties, and this was confirmed

in July, 1975, the price at which such properties were to be offered for sale being 8 times rental,

which was at that time considered to be a good price. Where possible, properties were sold to

the provisions of the Articles relating to General Meetings shall mutatis mutandis apply, but so that the

necessary quorum shall be 2 persons holding or representing by proxy one third of the issued shares

of that class.

(k) Subject to any special rights, restrictions or prohibitions as to voting for the time being attached to

any special class of shares, at any General Meeting on a show of hands every member who is present

in person including any corporation represented by proxy or in accordance with the Companies Acts,

shall have one vote, and on a poll every member present in person or by proxy shall have one vote for

each share of which he is the holder. Provided that holders of the Preference Shares shall not be

entitled to vote at, or to receive notice of or attend, General Meetings of the Company (except in

respect of a winding up, reduction in capital or variation of rights attaching to those shares) unless

the dividend on such Preference Shares is 6 months or more in arrears.

4. Rights, powers and duties of directors

(a) A Director shall not be required to hold any qualification shares.

(b) The Board may exercise all the powers of the Company to borrow money and to mortgage or

charge its undertaking, property and assets (present and future) uncallied capital or any part thereof

and to issue debentures and other securities whether outright or as collateral security. The Board shall

have power to do so in such manner as it may think fit, and to secure that the aggregate amount for the

time being outstanding in respect of monies borrowed or secured by the Company and its subsidiaries shall not, at any time, without the previous

sansction of the Company in General Meeting, exceed an amount equal to 10 times the aggregate

of the nominal amount of the share capital of the Company for the time being issued and paid up and

the total of the amounts for the time being standing to the credit of the capital and revenue reserves of

the Company and its subsidiaries.

(c) The remuneration of the Directors shall from time to time be determined by the Board and

Executive Directors may be paid such additional or alternative remuneration as the Board may deter-

mine. The Directors shall be entitled to be paid reasonable travelling, hotel and incidental expenses

incurred by them in or about the performance of their duties as Directors, including their expenses of

travel and from Board Meetings, Committee Meetings or General Meetings, or otherwise incurred

while engaged on the business of the Company. If by duty, any Director shall go or reside abroad or

perform or render any special duties or services beyond his ordinary duties as a Director, the Board

may pay him extra remuneration in addition to any fees or ordinary remuneration, and such special re-

muneration may be by way of salary, commission, participation in profits or otherwise.

(d) The Board has power to pay pensions, annuities or other allowances or benefits to Directors, and

ex-Directors of the Company holding or who have held any salaried employment or office and their

relations, connections or dependants.

(e) A Director may be appointed by the Board to any office or place of profit under the Company

(except of auditor) for such period on such terms and at such remuneration as the Board may

determine.

(f) No Director or intending Director shall be disqualified by his office from contracting with the

Company nor shall any such contract or arrangement entered into by or on behalf of

the Company in which any Director is in any way interested be liable to be avoided nor shall any

Director be liable to account to the Company for any profit realised thereby save that the nature of his interest must be declared by the Director at the first meeting

of the Board when the contract or arrangement is first taken into consideration or at the first meeting of

the Board held after the Director became so interested.

Save as provided below, a Director shall not be liable in respect of any contract or arrangement in

which he is in his knowledge materially interested. A Director shall not be counted in the quorum at a

meeting in relation to any resolution on which he is debarred from voting.

(h) A Director shall (in the absence of some material interest other than that indicated below) be entitled

to vote and be counted in the quorum in respect of any resolution concerning any of the following

matters, namely:—

(i) the giving of any security or indemnity to him in respect of money lent or obligations undertaken

by him for the benefit of the Company;

(ii) the giving of any security to a third party in respect of a debt or obligation of the Company which

he himself has guaranteed or is liable to account to the Company for any profit realised thereby;

(iii) any participation in the underwriting or sub-underwriting of shares, debentures or other securities

of the Company;

(iv) an interest by virtue of his interest in shares or debentures or other securities of the Company or by

reason of his interest in or through the special nature of the business of the Company;

(v) any proposal concerning any other company in which he is interested, directly or indirectly,

whether as an officer, shareholder or otherwise howsoever, but is not the holder of or beneficially

interested in 1 per cent or more of the issued shares of any class of such company or of any other

company through which his interest is derived;

(vi) any proposal concerning the adoption, modification or operation of a superannuation fund or

retirement benefits scheme under which he may benefit and which has been approved by or is

subject to, and conditional upon the approval by the Board of Inland Revenue for taxation

purposes;

(vii) any arrangement for the benefit of the employees under which he benefits in a similar manner as

such employees.

(j) Where proposals are under consideration concerning the appointment (including fixing or varying

the terms of appointment of two or more Directors to offices or employments with the Company or

any company in which the Company is interested, such proposals may be made and approved in

relation to each Director separately and in such case each of the Directors concerned (if not debarred

from voting under paragraph (h) (i) above) shall be entitled to vote and be counted in the quorum in

respect of each resolution except that concerning his own appointment.

(k) Any question shall arise at any meeting as to the materiality of a Director's interest or as to the

entitlement of any Director to vote on such question is not resolved by his voluntarily agreeing to

abstain from voting, such question shall be referred to the Chairman of the meeting and his ruling in

relation to any other Director shall be final and conclusive except in a case where the nature or extent of

the interests of the Director concerned is fairly disclosed in writing to the Company.

(l) The Company may by Ordinary Resolution suspend or relax the provisions summarised under

paragraphs (g) (h) (i) and (j) above to any extent or ratify any transaction not duly authorised by reason

of a contravention of such provisions.

The Articles of Association of the Company contain a provision excluding the operation of Section 185

of the Companies Act 1948 and accordingly no Director shall be liable in respect of any resolution appointing

or approving the appointment of a Director who is over 70 years of age.

\*Note: This limit was adopted at the time the Company was involved in banking; it is intended that

proposals will be put to the Company in general meeting at the earliest practicable date to bring the

Articles into line with those usually adopted by industrial companies.

MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered

into within the period of 2 years immediately preceding the date of this document and are or may be

material:—

1. Dated 9th September 1975 between the Company and Cablehurst Limited for the sale of freehold

property at 2 and 2A Langton Road, Gipsley Wood, London, for a consideration of £25,000.

2. Dated 2nd September 1975 between Helewood Engineering Company Limited and Joseph Storey &

Company Limited for the sale of freehold premises known as Heron Works, Lancaster, for a

consideration of £26,500.

3. Dated 31st December 1975 between the Company and Tynelake Limited for the sale of leasehold

property at Canal Street, Nottingham, for a consideration of £17,600.

4. Dated 31st December 1975 between Metropole Enterprises (Blackpool) Limited and Tynelake

Limited for the sale of freehold property at 357, 359 Blackpool Road, Preston, Lancashire, for a

consideration of £28,260.

5. Dated 31st December 1977 between Metropole Enterprises (Blackpool) Limited and Tynelake

Limited for the sale of freehold premises at Wallgate, Wigton, Lancashire, for a consideration of

£23,250.

6. Dated 31st January 1976 between Helewood Engineering Company Limited and Tynelake Limited for

the sale of freehold premises at Manor Road, Great, Birmingham, for a consideration of £22,800.

7. Dated 30th January 1976 between the Company and Helewood Engineering Company Limited for

the sale of freehold premises at Gaskell Street, St. Helens, Lancashire, for a consideration of

£26,000.

8. Dated 29th January 1976 between the Company and Tynelake Limited for the sale of leasehold

premises at the Junction of Campbourne Road, Pembroke Road and Myddelton Road, Horsely,

London, for a consideration of £12,000.

9. Dated 30th January 1976 between P. G. Holdings, the Company and R. F. Gregory for the

purchase by the Company of the whole of the issued share capital of Planet Gloves (Industrial)

Limited (now called Planet Gloves (Caerphilly) Limited) for a total consideration of £1,750,000 of

which the sum of £1,400,000 was paid in cash on completion, the sum of £200,000 was satisfied by

the issue of Convertible Unsecured Loan Notes subsequently converted into Ordinary Share

Capital of the Company) and of which the balance amounting to £150,000 is payable on 31st

December 1979.

10. Dated 9th June 1976 between the Company and D. M. Ruckham for the sale of leasehold premises

at Whitehall Road, Frindsbury, Kent for a consideration of £35,000.

HOME NEWS

LABOUR NEWS

Critics of new cigarettes attacked

BY STUART ALEXANDER

THE resentment in the tobacco industry over the lack of official support for the introduction of tobacco substitutes in cigarettes flared into open hostility yesterday when Imperial Tobacco blamed mischievous comment for the slow reception given to the new products.

publicly announced strategy on smoking and health. Mr. Mike Daube, director of Action on Smoking and Health, said it was "absolute nonsense" to talk of being mischievous. "A suggestion that we are concerned with anything other than the public health is quite deplorable and unjustified," he said.

bought by friends and colleagues. Since then sales have dropped, and a spokesman for W. D. & H. O. Wills, part of the Imperial group, confirmed yesterday that there had been no mass re-orders for NSM (New Smoking Material) cigarettes. This was disappointing but not surprising.

At the same time Rothmans claims it is outselling the king size versions of Silk Cut with substitutes, and Imperial says it is "not unhappy with the reception which brands containing NSM have had in the market place."

The whole industry is waiting anxiously to see a clear pattern emerge from the confusion of the mass launch nearly four weeks ago. But the one word every company had used at one time or another is disappointing.

Chemical industry's reasons for success

BY DAVID FREUD, INDUSTRIAL STAFF

THE SUCCESS of the U.K. chemical industry contains lessons which could be applied to other sectors of the economy, according to the Chemical Industry Association.

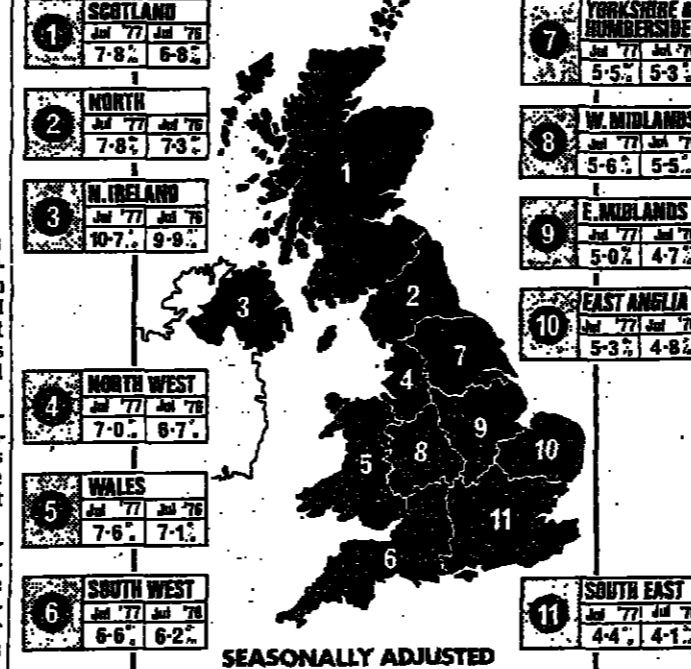
"We believe, however, that this habit has actually harmed our economy, diminished our will and ability to prosper, and in some cases warped our judgment in matters of legislation and government."

Insurance Bill set for Royal Assent

By Eric Short

THE INSURANCE Brokers (Registration) Bill, which authorises the control and supervision of insurance brokers, completed its passage through Parliament early yesterday morning and is expected to receive the Royal Assent on Friday.

UNEMPLOYMENT



Jobless gap widens

THE RISE in the level of unemployment this month was again larger in the areas where the number of people out of work has been traditionally high, widening the differentials within the U.K.

Wales to start its own air link with Europe

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A NEW small airline, Air Wales, is being formed with an authorised share capital of £1m. to run short-haul air services within Wales and to link the Principality with other U.K. and Continental destinations.

and Swansea and North Wales is being formed with an authorised share capital of £1m. to run short-haul air services within Wales and to link the Principality with other U.K. and Continental destinations.

Maze loyalists' grim warning to prison staff

LOYALIST PRISONERS in Ulster's Maze prison issued a warning yesterday of "drastic action" against prison officers.

A statement issued on behalf of 200 Ulster Volunteer Force and Red Hand Commando prisoners warned that their policy of "no conflict" with prison authorities was now in jeopardy.

Rail passenger income up as freight fears continue

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

BRITISH RAIL'S performance in the first six months of this year has been better than expected on the passenger side, but dangerous close to failure on freight targets.

The overall position—as Mr. Peter Barker, the railway chairman, commented when announcing earlier this month that fares would be pegged until the end of this year—is that British Rail should keep passenger operating costs within the limits of its £320m. annual grant for the second successive year.

Grunwick mail boycott may ease

By Nick Garnett, Labour Staff

ANY HOPE Cricklewood postal workers had of general support from other London postal workers for a Grunwick mail boycott appeared last night to have almost completely disappeared.

TASS wants rival union to be expelled from TUC

BY ALAN PIKE, LABOUR STAFF

A MOVE to expel the Engineers supply industry, in an attempt to recruit engineers and the TUC for its efforts to recruit outside the electricity supply industry has been launched by TASS, the staff section of the Amalgamated Union of Engineering Workers.

EPTU urges unity 12-month pay rule

BY OUR LABOUR STAFF

THE EXECUTIVE of the country's sixth biggest union, the EPTU, urged yesterday that certain "Union" warned yesterday that if any workers breach the rule that there must be a 12-month pay claim that would be the case. This could be even more isolated.

New hope in Lucas tool strike

By Arthur Smith, Midlands Correspondent

MOVES WERE announced last night to seek a settlement of the strike by 1,200 Lucas toolroom workers which threatens widespread disruption to the motor industry.

Agreement to study of firemen's work

BY OUR LABOUR STAFF

AGREEMENT has been reached to set up a special working party with a remit to study the work of firemen in local authority fire brigades and whether the increasing demands being made on his skill and technical knowledge are being recognised in pay and conditions of service.

Lecturer loses appeal against skirt rule

By Our Labour Staff

MISS MARIANNE SCHMIDT, a 35-year-old lecturer from Leeds, yesterday lost her appeal at the Employment Appeals Tribunal against her former employer, Austicks Bookshops, who insisted she wore a skirt instead of trousers at work.

Bristow pilots' union alleges spy network

MR. ALAN BRISTOW, chairman of Bristow Helicopters, was advised by his operations director to mount an all-out attack on BALPA—the pilots' union—during the use of political pressure.

NCB to widen German link

By James McDonald

THE NATIONAL Coal Board and Saarbergwerke AG, the West German coal-mining company, are to continue an exchange agreement reached in 1975 to exchange information and contacts on a wide range of topics, because the agreement has proved so valuable.

Freight complexes 'needed'

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

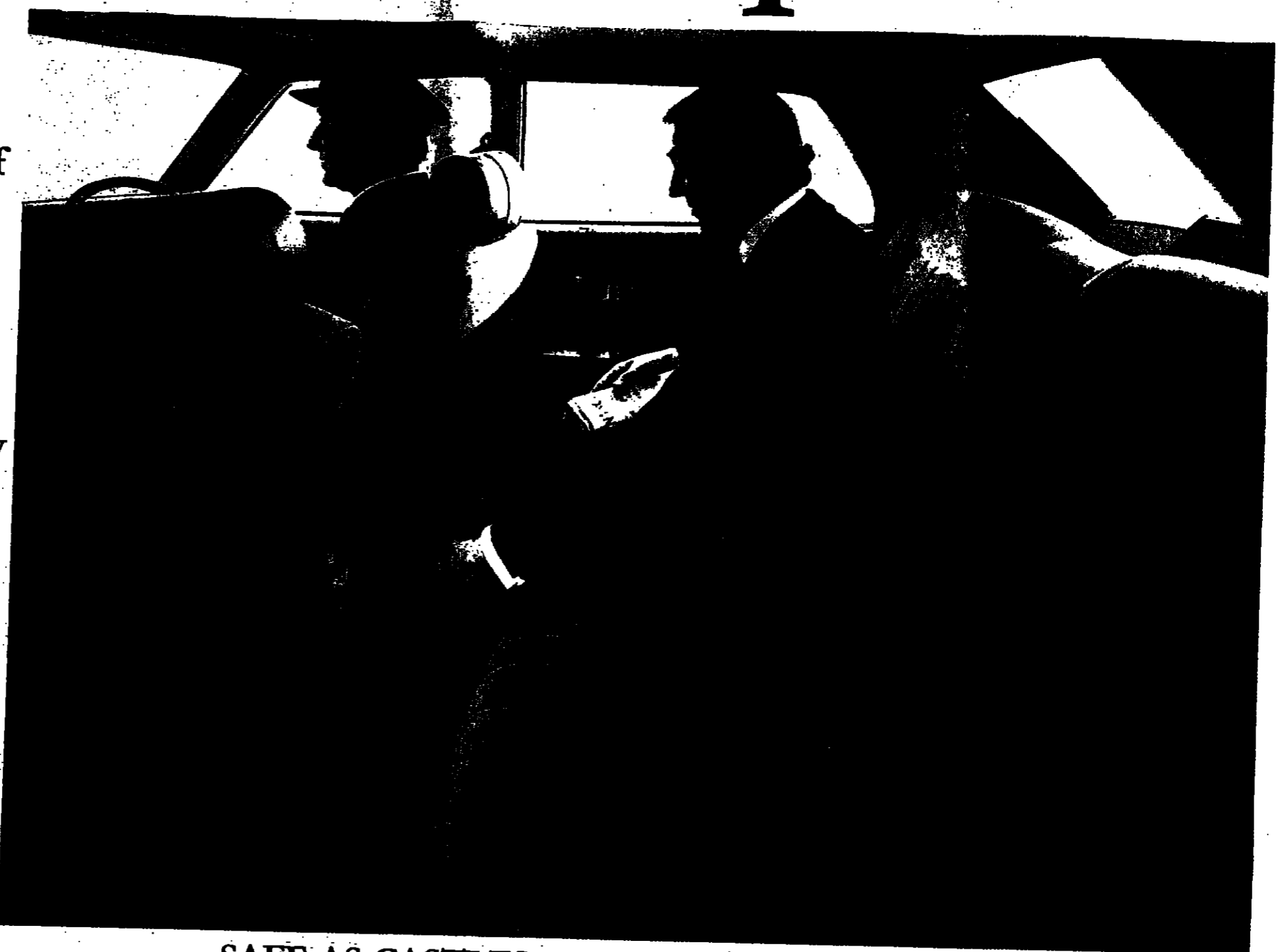
AT LEAST four, but possibly as many as 12, freight complexes could be needed during the next few years, says the influential Lorries and Environment Committee.

out multiple handling between producer and customer. A study based on 800 companies in the London area indicated a potential national traffic of 5m tons a year, of which 5m per cent would be retail and home consumption. Suitable traffic is said to include food, chemicals, machinery, electrical goods, textiles and building materials.

HAMPTON GOLD MINING AREAS LIMITED. Results for the year ended 31st March 1977. Line graph showing Total Income, Royalties, Trading profit, and Profits after tax from 1973 to 1977. Text includes company details and financial results.

# Keep your chauffeur in the style he's accustomed to. At a third of the price.

You are faced with a dilemma. At £20,000 or thereabouts, your present means of transport is extravagant to the least. But its creature comforts are dear to you. What do you do? Bid James farewell. Or keep him, and a tidy sum in the bank, by prudently investing in the luxurious Toyota Crown. Indeed, at £6,056 it would leave ample funds to cover his salary for a number of years.



**OUR STUDY ON WHEELS.** Sink into the plush comfort of our back seats, light cigar and control your own conditioning from the central console as you gently wind.

Then if the F.T. seems a little taxing, turn on the 3-band frequency-seeking stereo radio complete with your own volume control. For the more studious there are individual reading lights.

Some say it's more comfortable than their own home but they feel that is pushing credibility far.

### JAMES' PERKS.

At the wheel, James will be used to find all his familiar travelling companions: Automatic transmission, power-assisted steering, reclining seats with adjustable and removable headrests, individual reading lights, stereo radio and cassette player, air conditioning, cigar lighter and electric windows.

### SAFE AS CASTLES.

The Toyota Crown is unique in having a door locking device that comes on automatically when the car reaches 15 mph. We've also fitted tinted glass to cut down on glare from the sun and oncoming headlights at night. Whilst on the subject of lights we have ones that warn of headlamp, tail or stop light failure and low brake fluid, plus hazard warning and rear door warning lights. And to keep you both comfortably and safely in your

place, there are front and rear seat belts fitted as standard. Also, for your peace of mind, there's an unlimited warranty of 12 months. As you can see the Toyota Crown is perfectly equipped for the awesome responsibility of carrying its Very Important Person from A to B. And it can get you there at a very respectable 20 mpg\* and with a performance that gives a top speed of 100 mph.\* But as James would say, "It's always nice Sir, to have that little bit extra in hand."

THE NEW TOYOTA CROWN



If you'd like to test drive the Toyota Crown or the Estate version, ask James to take you along to your local Toyota dealer. (James will find them in the Yellow Pages.)

**TOYOTA**  
Everything keeps going right.

(CORRECT AT TIME OF GOING TO PRESS) INCLUDES CAR TAX, VAT AND SEAT BELTS, BUT EXCLUDES DELIVERY AND NUMBER PLATES. SPECIFICATION SUBJECT TO CHANGE WITHOUT PRIOR NOTICE. \*MANUFACTURER'S APPROXIMATE FIGURES. TOYOTA (GB) LTD, 320 PURLEY WAY, CROYDON CR9 4HB. TEL: 01-681 1921. EXPORT AND DIPLOMATIC SALES TEL: 01-680 3350.

# FINANCIAL TIMES REPORT

Wednesday July 27 1977

**Seen  
any new  
tubes lately?**

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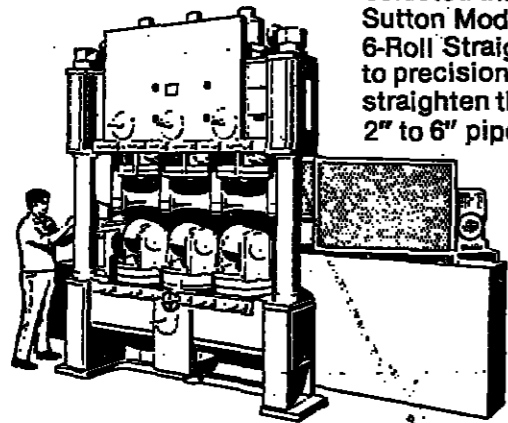
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# Tube mill in Gwent

Natural Gas Tubes' new mill at Tredegar has just come into operation. At full capacity, it is expected to produce 100,000 tonnes a year. Roy Hodson reports.

## Welcome in the valleys

MAJOR DEVELOPMENTS in the private sector of the British steel industry have been few and far between lately mainly because of the depressed state of the market at home and abroad but also because of a reluctance to invest at a time of dear money, and economic uncertainty.

The opening of a new plant in South Wales devoted to tubes production, and with the home market very much in its backers' minds for its success in trading, is sufficiently unusual to excite interest about the timing, the motivation, and the concept of the project.

The plant is owned by an independent company called Natural Gas Tubes founded by an Indian businessman Mr. Swraj Paul who is the chairman. It is sited on an industrial estate at Tafarnaubach, near Tredegar, which already includes a British Steel Corporation sheet coating plant. But the connection between NGT and British Steel goes beyond being good neighbours. NGT will rely heavily upon British Steel for hot rolled coil from the South Wales strip mills as its raw material. Secondly, NGT, as the plant is worked up into full production, will recruit much of its work force from steelworkers from the Ebbw Vale plant where British Steel is phasing out the open hearth steelmaking side of the works. The plan is to employ more than 100 people.

### Harmonious

It is for those reasons that a harmonious relationship appears to have developed between British Steel and NGT from the early days of the tubes mill idea being proposed. Certainly it will be a competitor with British Steel's tubes division; but hardly on a scale likely to injure the division. At best NGT will be making some 100,000 tonnes a year of tubes against British Steel's tubes capacity of approaching 1m tonnes a year.

Against that relatively modest new competitive pressure British Steel sees the

advantages in having a new market for hot-rolled materials handily sited in South Wales. Most important of all to British Steel is the ability of NGT to provide steeling jobs in the Ebbw Vale area. The Corporation is acutely concerned over the problems of placing redundant steelworkers. There are several thousand redundancies yet to come as the closure of the old BSC plants, which are now enjoying a stay of execution at the Government's request, are implemented between now and the early 1980s. It will be a major problem to retain the confidence of the workforce during that period.

Thus the closure of steelmaking at Ebbw Vale works over a two-year period is being regarded very much as a demonstration of British Steel's ability to accomplish such transitions with as little pain as possible. A company set up by the Corporation and called British Steel Corporation (Industry) has the task of encouraging new industry into areas where steel closures are to take place. It is being personally directed by Sir Charles Villiers, BSC chairman.

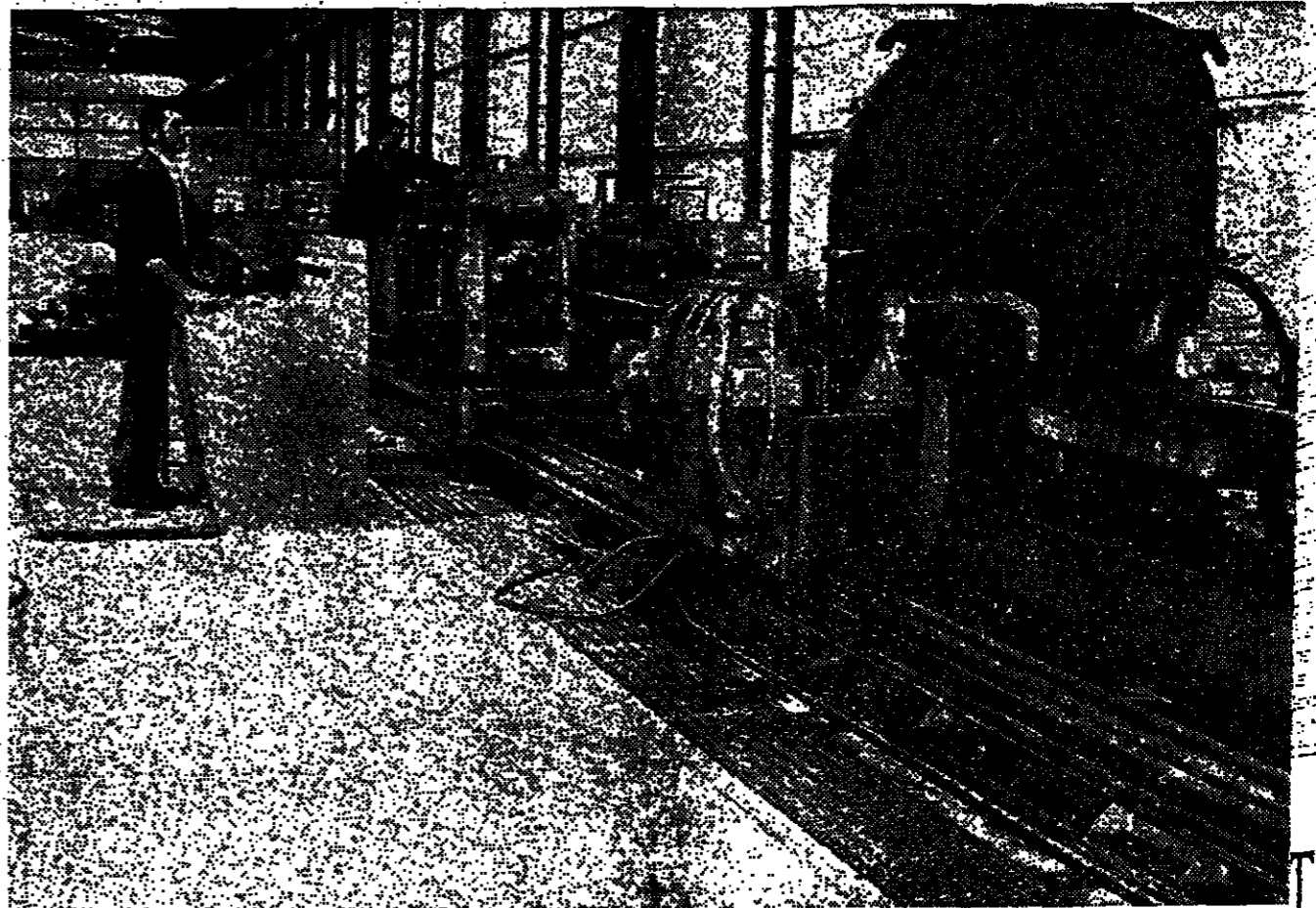
### Midwife

That company did its best to act as midwife to Natural Gas Tubes from the start of the project. The need for jobs for steelmen has had a great influence on Mr. Paul's ability to raise the necessary £5m. capital. He has been able to augment the £1m. share capital with £2.4m. from the European Coal and Steel Community and the Government. The European Coal and Steel Community has powers to lend capital for projects which will provide employment for displaced steelworkers. On that basis NGT was granted a £1m. two-year loan.

The Department of Industry has provided a £1.4m. loan over seven years. In addition there is approximately £700,000 from NGT in Special Development Area statutory regional grants.

Mr. Paul considers that he was lucky with his choice of site. It met the Government's criteria for providing new industry where it is most needed. It also met his personal assessment as being the most suitable site around Britain for his tubes project. It is near sheet steel making for his raw materials sources. It has good communications with Heathrow, London, and the South East. And it is in an area where steelmaking and steelworking is a tradition. He mentioned a fourth reason with a smile. "There is something of an affinity between the Welsh and the Indians, which might be traced to the days when there were many Welsh engineers working in Calcutta."

Swraj Paul has been in the steel business all his life through the family company Apeejay-Surrendra which has Indian and international interests in steel, engineering, petroleum and chemicals work. The Institute will shortly be After coming to live in England



After passing through the forming rolls on the left, tubes are cut to size by the circular friction saw on the right.

in the 1960s for personal giving approval for NGT to be a registered API pipe producer. Another potentially big market for NGT products will be in the mechanical grades of tube (mostly to BS 1775) which is used widely in the conveyor roller market and for automotive applications.

But NGT regards its most exciting product as hollow section tubing of the kind that is increasingly being used in the U.S. to replace sections and conventional tubes. It is of square or rectangular sections. It is finding uses in machinery construction, building construction, materials handling and frameworks for vehicles.

The major producer in Britain is British Steel with hot-finished hollow section tubes. NGT is entering the market strongly with a cold-formed type of tube which is claimed to have a higher tensile strength. At present the cold-formed hollow section tubing used in Britain is imported mainly from Austria. The business amounts to some 2,000 tonnes a month. NGT believes its production could prove to be a market winner against those imports.

### Substitution

That need not be damaging to British Steel. In fact NGT expects to win a lot of its business by import substitution. A number of tubes users and stockists in Britain feel obliged to have the security of an alternative source of supply. At present they import largely from Holland and Norway. NGT is planning its market penetration on the assumption that the import business will be vulnerable to an alternative home supply of tubes.

NGT also will be producing the high quality pipe—the American Petroleum Institute specification for sale to engineering work, refineries, and onshore chemical, shipping, and hotels. The Institute will shortly be inspecting the new plant before

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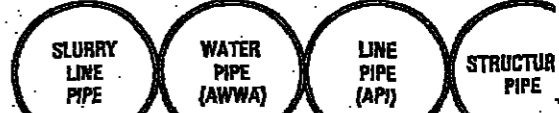
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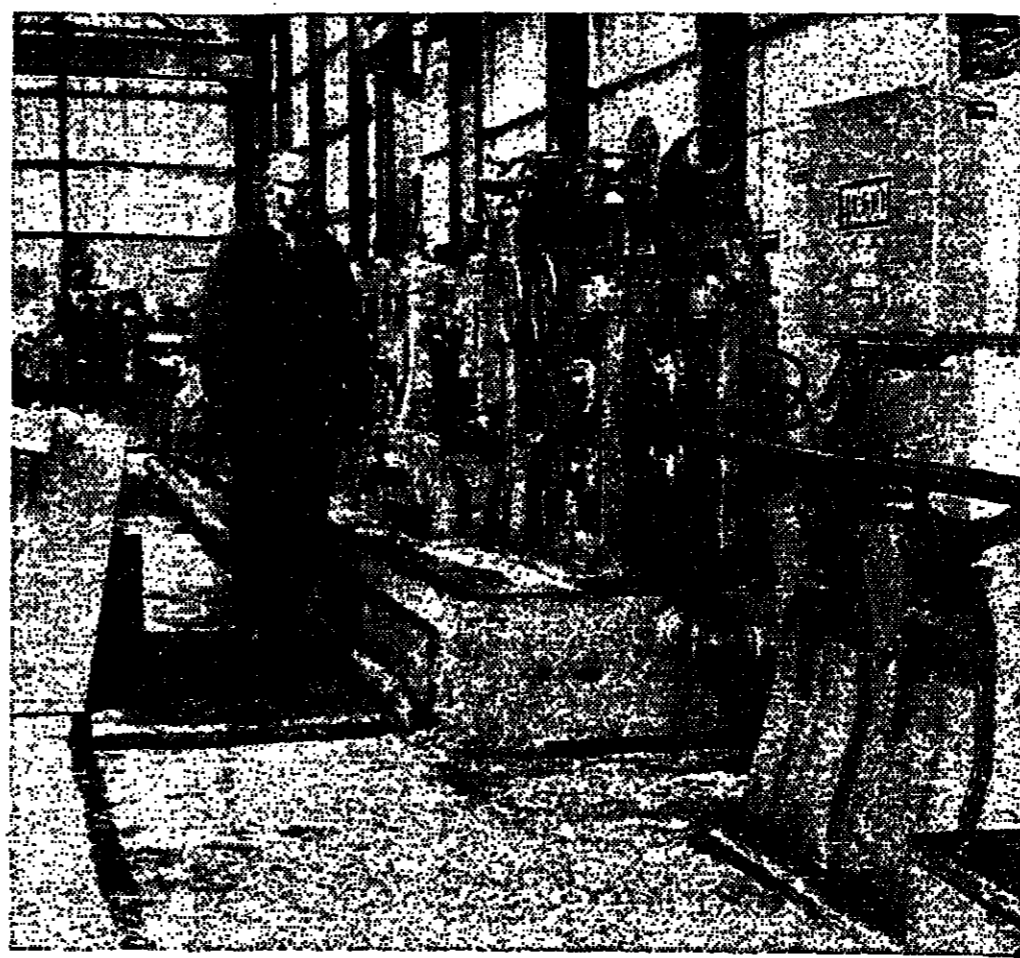
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The tube mill with part of the Toccostat seam annealer on the right

TUBE MILL IN GWENT II

# Jobs boost to South Wales

THE INDUSTRIAL regeneration of South Wales is going ahead in spite of the economic recession. The new plant of Natural Gas Tubes, sited in a mining and steelmaking area, is typical of the type of new activity that is being encouraged in order to replace lost jobs in those industries.

Some careful strategic planning by the Welsh Office and the young Welsh Development Agency has resulted in important new investments being made in the infrastructure of South Wales during the last two years at a time when projects have been drying up in many parts of Britain. The M4 motorway will be largely extended through South Wales by the end of this year to provide the all-important link via the Severn Bridge with the South of England and the Channel ports to Europe. Work on three of the remaining sections of the motorway is now well advanced. However, there are still some uncompleted sections and it will not provide a continuous motorway route to west South Wales until the early 1980s.

The immediate importance of the current work on the M4 extensions is that the road will shortly link the Cardiff and mining valley areas, the focal point of the Welsh economy, with the English Taffarnaubach area squarely within that area.

The Taffarnaubach industrial state represents one of the more ambitious attempts to regenerate industrial life. At the early steelmaking plant, Ebbw Vale, steelmaking is being phased out and jobs are being based on the open hearth furnaces and old blast furnaces in the recessing side of the plant is being expanded to finish strip

Taffarnaubach estate will eventually provide jobs for several hundred and a large portion are expected to be recruiting and a BSC plant already on the site is employing former Ebbw Vale men on a modern line for colour-coating sheet steel.

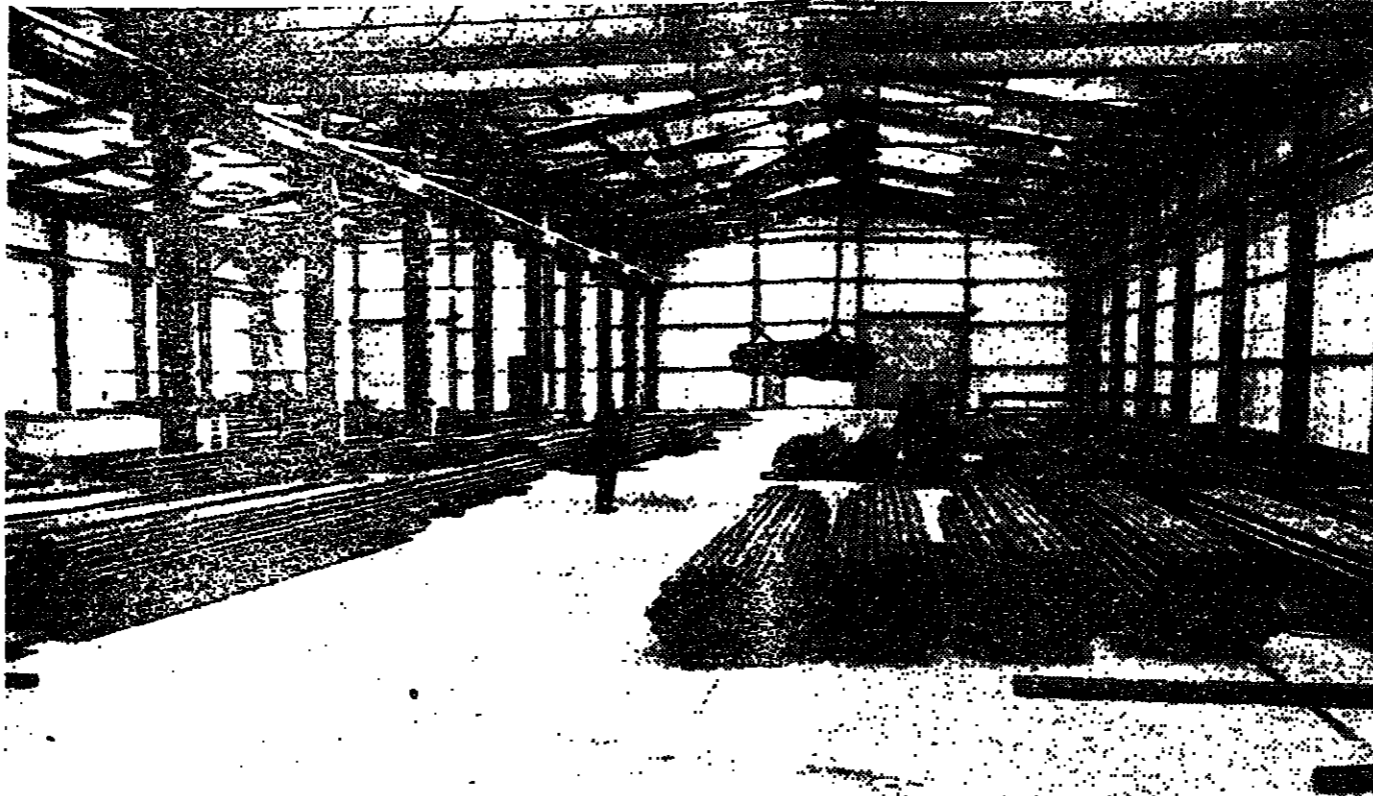
Backed by the Government, British Steel has been putting great energy into an offshoot called BSC (Industry) which has been established to secure alternative work for steelmen in areas where BSC is having to pursue closure policies because its plants are old and uneconomic.

Special attention is being given by BSC (Industry) to the problem at Ebbw Vale which is the biggest single round of redundancies the Corporation is likely to have to deal with during the next few years.

The area is known as Blaenau Gwent and includes the towns of Tredegar, Ebbw Vale, Abertrilery, Blaia, Nantyglo, and Brynmawr. Within the population of nearly 90,000 it is expected that more than 7,000 new jobs will be needed during the next few years.

British Steel say that careful control of recruitment to their Ebbw Vale works during the steelmaking reworkings will mean that a proportion of the men from the departments scheduled for closure will be redeployed in the departments which remain in operation. But it also means that the supply of able people (in particular school leavers) who otherwise would have chosen a career at Ebbw Vale works will now be looking for employment in other local activities.

The planned search for new industry is relying very much upon BSC's muscle as a massive unit together with the Corporation's links throughout industry and with Government, and local organisations. Also, because BSC has a good knowledge of the local manpower on its books, it is in a position to give special help and counsel to employees who will lose their jobs. It is arranging for retraining to meet the specific needs of new



A section of the finished tube store

either through its own establishments or through the Training Services Agency. However, firms which prefer to carry out their own retraining of manpower are eligible for financial aids both from the Government and from the European Coal and Steel Community funds for assisting redundant steel workers. A "new jobs" team has been established in Ebbw Vale since

1973 as the Corporation pursues its policy to slim the Ebbw Vale labour force by more than 4,000 in the period up to 1979. New overseas investment into the South Wales area has been an important contribution to regeneration recently. The American-controlled Hoover company, admittedly no new comer to Britain, has had a big impact upon the Ebbw Vale area with the expansion of its Merthyr Tydfil plant. Many of the 3,000 new jobs the plant is likely to create will help to offset the rundown of the steel works.

There were only about 40 overseas companies operating in Wales in the early 1960s. That number has now grown nearly to 130 and is still growing. The number of jobs the overseas companies are providing is estimated at not less than 30,000.

If the immediate problems of Ebbw Vale are to be solved with relatively little pain the continuing inflow of overseas investment must be maintained.

## The plant project

LAUNCHING AN advanced steel tubes facility such as the Taffarnaubach plant during an international steel recession gives the company one big advantage. It is free from unseasonable commercial pressures to work up production in a hurry. It appears, in fact, that development of the tubing capacity towards the 100,000 tonnes a year finished tubes will be carried over something like a three year period. The labour force is steadily increased to 100 and two shift working will be necessary when the 100,000 tonnes goal is within reach.

The factory is of 100,000 sq feet in its present form there is room for expansion. It would be achieved by adding one or two new bays of 38,000 square feet. Specifically the plant, as it stands, comprises a coil slitting line, the latest type of fully automatic tube welding mill from Abbey Etna of Ohio, United States, and a tube testing and finishing unit.

Hot rolled wide steel strip, mostly supplied through the British Steel strip mills product unit only miles down the road arrives at the plant in coils of up to 16-tonnes. Coils are sorted in a 4,000-tonne capacity area which is sub-divided to distinguish various types of steel. The coil slitter can handle three coils at a time cutting them into required widths which are re-rolled and transferred to the plant's stock area.

The tube-making cycle starts proper with the coil strip being loaded on to an automatic ramp. It is fed through a metal inert gas protected automatic end cutting welder. The ends are first trimmed and then welded to one another. The strip is fed

into an underground pit where a 360-foot long loop of the material is held.

The strip is drawn from the storage loop by a roll. The first stage of the Abbey Etna tube mill is a forming mill where oil is fed into the inside of the tube. Next is the welding stage where the tube is welded up by an induction 300 kw high frequency induction welder. The tube is bent round by rolls for the welding. No flux is used.

After the weld is deburred the tube passes over a 180-foot long air cooling section. This is followed by a 50-foot quench bath of soluble oil which can either be spray applied or the tube totally immersed.

For the tube that is being produced to the American Petroleum Institute specification, for which the plant is to be inspected later this year—another stage is introduced in the process. A Tocostat 400 kilowatt seam annealer is used to remove any internal stresses in the weld.

The tube produced on this line is from 2-inches up to 7 1/2 inches in diameter. After the welding process it is passed through forming rolls to give the correct diameter. Squaring rolls follow for the square-rectangular hollow sections. Tubes and sections are cut to size by a travelling circular saw which moves along the mill until it is travelling at exactly the same speed as the moving pipe.

After cutting the tube is straightened and automatically passed on to a Teledyne Landis machine for facing and bevelling the ends.

Finally the tube is tested and inspected in a sophisticated section which is to include a Youngstown 3,000 pounds per

square inch pressure hydrostatic pipe tester, and another unit which tests by the ultrasonic method.

The fact that the complete tubes production unit is so modern and labour-saving—the pipe is not touched by hand as it goes down the line—means that it presents stronger competition than the tonnage output of the plant suggests to other tube makers and to imports.

But there is also the export market to be considered. Natural Gas Tubes is expecting to build up a good export trade as soon as the market starts to move again internationally. The company believes its export potential is going to prove one of its strongest features in the long-term. At the present time the big Japanese tubes producers are fighting hard in world markets at low prices. But when prices harden as demand picks up NGT expects to be able to export up to one-third of its total output.

In July the facilities will be further augmented by a spiral-weld pipe-making machine being imported from America. It is a Pacific Roller Die mill which will produce pipe for pipelines and casing pipes. The range of diameters will be 10 inches up to 40 inches. The spiral-weld production line will be parallel to the longitudinal welding plant already installed.

The slitter will be common to both processes. NGT has been producing spiral-weld piping at the existing Huntington plant in the range of 4 inches to 18 inches. The bigger new facility will complement the existing range.



Coiled strip is fed into the underground storage loop (centre) and pulled out by a double punch roll to pass into the forming mill

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PARLIAMENT and POLITICS

Two MPs hear Foot plea for House to act wisely

BY IVOR OWEN, PARLIAMENTARY STAFF

IN A SPEECH which won wide approval, Mr. Michael Foot, Leader of the Commons, last night strongly urged the House not to seek to expel or suspend either Mr. Reginald Maudling, the former Conservative Cabinet Minister, or Mr. Albert Roberts, Labour MP for Normanton.

Contrary to normal custom, both MPs, criticised in the report by the Select Committee on the conduct of members over matters relating to their business links with Mr. John Poulson, were not required to withdraw from the House while their positions were discussed.

Both denied that they had been guilty of any improper conduct and indicated that they would prefer to remain in the House while the debate was in progress.

In accordance with precedent, both withdrew from the Chamber after making statements explaining their respective positions, and then, after representations by Mr. Robin Maxwell-Hyslop (C. Tiverton) and Sir Derek Walker-Smith, (C. Hereford E.), which were backed from all sides, the Speaker, Mr. George Thomas agreed that both Mr. Maudling and Mr. Roberts should be given the opportunity to return to the Chamber and to hear the rest of the debate.

Both occupied seats on opposite sides of the House—on the front bench below the gangway and were able to resume their places in time to hear Mr. Foot contend that they had already suffered sufficient penalty.

It would be enough, he said, for the House to pass a formal motion agreeing with the views expressed by the Committee about Mr. Maudling and Mr. Roberts and to refrain from any further action.

Mr. Foot called on the House to act wisely and intelligently and without a scrap of vindictiveness. There were cheers when he warned: "The House of Commons can operate a liberal form of lynch law. It can act as a mob. Of all mobs, the most objectionable is a sanctimonious mob."

In his statement, Mr. Maudling said that he had been looking forward to the opportunity to speak on the matter for a very long time.

"It is now just over five years since I resigned as Home Secretary and since investigations began into the affairs of Mr. Poulson. They have been long years for me. Throughout that time, I have had to live with



Mr. Reginald Maudling, out for a walk in London before yesterday's debate in which he told MPs: "I have had to live with suspicion, innuendo and with gossip which it has been impossible to dispel."

suspicion, innuendo and with gossip, which it has been impossible to dispel.

"You cannot repudiate charges that are not formulated and you cannot dispose of evidence that is not produced."

Mr. Maudling recalled that in July, 1975, three years after the investigation began, police officers called to see him about an allegation that Mr. Poulson had used bribery to obtain a hospital contract in Malta.

"That accusation had not been mentioned until two years after I had resigned. The simple fact is that if there were such a bribe, I knew nothing about it. Apart from this, at no time during the whole five years had the police sought any information from him about the affairs of Mr. Poulson.

The Department of Trade who investigated what the Select Committee had described as irregularities in the conduct of companies of which Mr. Maudling had never approached him for information "at any time from the start to the very end of their investigations."

Mr. Maudling said: "This, I suggest, is a certain measure of the degree to which I was involved in the affairs of Mr. Poulson." The Select Committee had made clear that there was never any suggestion whatever of corrupt conduct on his part.

After listing other matters on which he said that the committee had vindicated him, Mr. Maudling said his only regret was that in extensive Press accounts of the report there had been only refer-

ences to the matters on which he had been criticised. The first criticism of the committee was that he should have disclosed an interest when intervening on matters relating to Malta in 1967.

Mr. Maudling said the reasons he had not done so were stated in his letter to Lord Maybray-King, former Speaker of the Commons.

In his letter, he had stated that there was no question of his deliberately concealing anything, because he had already announced his interest in the hospital on Malta at a Press conference there. He had subsequently drawn it to the attention of the British High Commissioner.

"That I still believe to be a correct statement of the position under the conventions of the House in 1967, Lord Maybray-King then agreed with me," said Mr. Maudling.

There were several points in the report on which he thought the committee had been misinformed. "I was following the rules of the House at the time."

Mr. Roberts said he wanted to draw attention to one or two inaccuracies in the Select Committee's report.

"When he had started to work for Mr. Poulson in 1964, Mr. Poulson was a highly-respected businessman. No one was more highly respected in the North of England. By 1968, his employment with Mr. Poulson was fading out. They were dealing with a period 'in the mist of time'."

Mr. Roberts said he had had contact with Mr. Cordis except for a few brief words and he knew nothing of the activities of Mr. Maudling.

Mr. Roberts added: "Still, we have been lumped together by the media who have been trying to try us together for bribery and corruption for over five years."

His voice breaking as he referred to suggestions that he might be suspended or expelled from the Commons, Mr. Roberts said: "That has ruined my wife's health. I feel I have been unjustly treated."

He was born and lived in his constituency. "I have not been able to avoid local people. I have had to live with them. They have given me tremendous support in these past few days, sending messages 'we are with you, Albert'."

Mr. Roberts appealed to MPs to give him some guidance on standards. "What standards do I take? I have not raised the question of the do's and don'ts of Parliament. I have been here 28 years. MPs know what type of man I am."

"I have tried to conform as far as I possibly can. I want some lead on what are the standards."

As he ended his speech, Mr. Roberts said: "I think the report has been very unfair. My family does, my friends do, and many of my constituents do. I feel I am completely innocent. If I have deserved anything, shallow, offer my apologies to the House."

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As he ended his speech, Mr. Roberts said: "I think the report has been very unfair. My family does, my friends do, and many of my constituents do. I feel I am completely innocent. If I have deserved anything, shallow, offer my apologies to the House."

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Thatcher attacks jobless figures

YESTERDAY'S unemployment figures were disappointing, the Prime Minister said in the Commons yesterday. But he stressed that he had consistently said that indicators generally were turning in our favour.

This comment brought a challenge from Mrs. Margaret Thatcher, Opposition leader, who urged Mr. Callaghan to accept responsibility for unemployment and to stop "peddling illusions" about the economy.

Labour backbenchers shouted at the Tories: "There'd be 2m if you were in power."

Mr. Callaghan said the figures had been affected by the growth in the workforce, inflation, and the world recession. They showed how far the Government still had to go.

Mr. Peter Figgers (C. Gosport) called for a change of policies or, better still, of Government. Every one of the unemployed represented a personal tragedy.

Mr. Callaghan replied that 313,000 people had benefited from special measures like the temporary employment subsidy. He had not heard any suggestions from the Opposition in last week's counter-inflation debate that would have improved these figures.

Thatcher told him that the figures were such as had not been seen in this country since the thirties.

Mr. Callaghan replied that responsibility for unemployment rested with a number of factors. The Government accepted its share. Included in these was the world recession against which British trade was doing "extremely well."

The Prime Minister added: "It will not be in anybody's interest if we pretend there is a magic wand. I have said consistently that the indicators generally are turning in our favour."

Replying to Mr. John Mendelson (Lab., Penistone), Mr. Callaghan said: "If we had adopted the Opposition policy, there would be hundreds of people out of work at Leyland and Chrysler."

The House erupted into noise and shouting when Mr. Neil Kinnock (Lab. Bedwelly) belittled Mrs. Thatcher's "ill-considered" opposition to equality.

Mr. Kinnock said the historical intention and the future intention of the Tory party was to introduce mass unemployment in the working class. Amid the shouting, Mr. Callaghan called for order.

Mr. Callaghan told Mr. James Prior, shadow Employment Secretary, that the Government's policies were succeeding and would be shown to be so. Conservatives should protest "as they do at every time there is a threat to this Government, confidence both at home and abroad... substantially declined."

"I am not going to pretend there is a quick or easy way to solve the problem," he declared. Unemployment was a great challenge to British society.

The Bill will go through all its stages in the Lords tomorrow and will get Royal Assent by the time Parliament rises on Friday.

In the closing hours of the report stage yesterday morning, the Government accepted a proposal by Mr. Alan Ware (Lab. Coventry SW) that parents of students on discretionary grants from local authorities should continue to get child tax allowances in 1977-78.

The House also passed a Government amendment to the regulations which stipulate that a person must work abroad for at least 30 days in order to qualify for a tax reduction on the foreign income which he earns. Towards the 30 days.

Government amendment allows people working overseas to return to visit their families in Britain without the cost of travel being taxed as a benefit. A person can also travel between two jobs abroad without the expense being taxable.

Mr. Robert Macdonald, Under-Secretary, said the cost would be spread over a number of years, as loans were repaid and companies were able to make use of the relief.

Mr. David Mitchell (Con. Basildon). By what percentage did the Government's annual borrowing requirement increase between the financial year ended April 5, 1974 and the year ended April 5, 1977?

Mr. Ian Stewart (Con. Hitchin). How is the figure of £15,000m, stated by the Financial Secretary as being the revenue cost of allowing losses arising from foreign currency borrowings as a charge against profits before tax, calculated; on what information is it based, and over what period does it apply?

Mr. Robert Sheldon, Financial Secretary, said the best estimate of the approximate cost, based on present exchange rates, using figures supplied by the Bank of England of borrowings in foreign currency supplemented by other information obtained by the Inland Revenue. The cost would be spread over a number of years, as loans were repaid and companies were able to make use of the relief.

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Tories hostile to new devolution proposals

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT'S new proposals on devolution with separate Bills for Scotland and Wales was given a hostile reception by the Tories in the Commons yesterday and received a mixed response from the rest of the House.

The cool and often highly critical remarks of MPs from all parties gave a clear indication that the Government will again face a major battle to get devolution on to the Statute Book in the new session of Parliament which starts in November.

But Mr. Michael Foot, Leader of the House, announcing the new proposals warned: "If Westminster slams the door on further devolution, it could be a great disaster for the U.K. as a whole. We would be heading for the break-up of the U.K."

He interpreted the remarks of Mr. Francis Pym, Tory spokesman, as meaning that the vast majority of Conservatives were implicitly opposed in any form of devolution. "The Tories have a surplus that devolution all along. That is what the Conservative Party is seeking to hide," he declared.

"It soon became apparent that there was also a great deal of hostility on the Labour benches. Mr. Eric Heffer (Lab. Walton) warned that many Government backbenchers would be no happier with the two Bills leading to the break-up of the United Kingdom than they had been with the one devolution Bill that failed in the present session."

Begrudgingly and somewhat unconvincedly, Mr. Heffer added that he would be open to persuasion when the new legislation is brought forward.

The latest proposals were welcomed by Liberal leader, Mr. David Steel, whose remarks were greeted with scornful laughter from the Tories.

From the spokesmen for the Welsh and Scottish Nationalists came warnings that their support would depend on the introduction of a guillotine motion to ensure that the two pieces of legislation get on to the Statute Book.

This issue was neatly sidestepped by Mr. Foot, who would only promise that the Government would do all in its power to get the Bills through the Commons.

There were also demands from the Labour side of the House that a referendum on devolution should be held in Scotland and Wales before the Bills are introduced. But Mr. Foot firmly rejected this, and said that such a move would only be possible after the bills had become law.

From the Opposition front bench, Mr. Pym welcomed the fact that the Government had lately accepted the Conservative case for having a separate Bill for Wales.

There were cheers from his supporters when Mr. Pym added: "So far as the assembly for Wales is concerned, we remain opposed to it on the grounds that the people of Wales do not want it."

He argued that the Government was only tinkering with the earlier, ill-fated devolution legislation. It is a case of a minor operation instead of the major surgery that was needed."

Mr. Pym was also scathing about the lack of revenue-raising powers for the two devolved assemblies. The Government was now saying that there was no satisfactory way of raising them, separately, and that the two assemblies came up with a proposal which they were prepared to finance themselves, then the Government would look at it sympathetically.

From this, Mr. Pym concluded that the separate revenue-raising proposals which the Liberals had insisted were essential were not considered unworkable and impracticable by the Government. In addition, the Government had ducked the most contentious issue of all—whether there would be a reduction in the number of Scottish and Welsh MPs at Westminster following devolution.

There was also this matter of the effect on the English regions. Despite the proposed constitutional implications of the Government proposals, no conclusions about England were being put before the House.

There would also be great political judgment on differences of opinion. "But it would be to conclude that, because will be scope for any legitimate differences between the determination of the total subjective and objective of argument and the results of these differences do not normally affect political stability."

Similarly in the future has already to be between different parties, local authorities and other agencies within the expenditure program in some ways analogous to regional and local government.

"All these talks are great deal of political and other ample scope. The results may be or various interested parties are also reasonable. When the actual over the formula are White Paper envisage Parliamentary votes necessary to apply financial arrangements will cover current local spending by bills themselves and will be a limit on borrowing which the can sanction for local government's expenditure. The assemblies will have capital expenditure, but will have no executive or arbitral responsibilities, but would offer impartial information, expertise and advice to both sides.

There would also have to be regular exchanges of information about future plans and policies but these would not be a basis for intervention by the Government in the affairs of the assemblies. Instead, they would provide background and ensure that the Government had a fair understanding of the policies and programmes to which devolved spending related.

The White Paper admits that, despite all the objective information that would be available, there would still be room for

disappointment at the prospect of establishing joint county advisory boards which saw as "still further Government bureaucracy being imposed on the people of Wales and Scotland." In particular, it denounced the Government's falling to adopt an approach to a matter of constitutional importance. Putting the views of the Welsh Nationalists, Mr. Reid (Striving E. and mannan) warned that a would be looking for a guillotine motion next session that the Bill went. In addition, they felt should be made a matter of confidence for the Gov. On the question of he thought that Scotland benefit from its own and at least part of wealth should be used Scottish people.

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# The Management Page

EDITED BY CHRISTOPHER LORENZ

British industry's ambiguous attitude to modern machine tools is viewed from two contrasting angles—a small company and a national survey

months after it was use for some years. From the com receivership, a very first, Wentgate has specialised in relatively small-scale welders.

The technical diagnosis may have been faultless, but the only founder who is still at the helm, 40-year-old Richard Trillwood, says Wentgate gradually ran into difficulties because it was too ambitious: he claims it tried to develop too wide a product line for too broad a market in too short a time, and sometimes at an uneconomic price. As a result, he says, it increasingly ran up against short-term cash flow crises.

Others involved in the complex and still sensitive events which led up to the appointment of a receiver in September 1975 allege that the main creditors were premature in calling him in; the creditors naturally deny this. Whatever view is taken, however, the story could be that of many a small technology-based company which is started by a handful of entrepreneurs but then runs into difficulties.

That Wentgate did not go the same way as many such enterprises is partly thanks to the quality of its products, partly to the insistence of its chief creditors that the receiver should manage the business while trying to find a buyer—rather than just closing it down—and partly to the unusual character of the purchasers he eventually found.

It took five months for the receiver to find—via a chance meeting between intermediaries—an ideal new owner: a formidably experienced local businessman with an eye for electro-mechanical products and with time and enough money on his hands. Peter Threlfall, aged 61, had retired in March 1975 after 43 years with Pys of Cambridge, the last seven of them as managing director. Although part of the multinational Philips group

## An entrepreneurial escape from the receiver

since the mid-1960s, Pye continued to be run under his leadership as a collection of small businesses, so the scale of the Wentgate operation was not foreign to him.

The sort of person who, even before he retired, knew he would "have to keep working 12 hours a day to keep me menial alive," Mr. Threlfall took his son—an accountant in his mid-30s, with industrial experience—plus Pys's former technical director, to examine the proposition. He quickly realised it was what he had been looking for: a reliable product (200 installed round the world), and an

impressive list of customers, some of whom had been prepared to place orders during the receivership itself.

After only a fortnight, the two Threlfalls and Mr. Fred Keys, former secretary of Pys, agreed to buy the company; since then Mr. Threlwood, as managing director, has become a joint owner.

The new directors were spared some of the harsh decisions which others have to take in similar situations, because the receiver had started their work for them. He had pruned the product range—including two major development projects



Peter Threlfall of Wentgate

of the 1976/7 financial year that the U.S. company may be given Wentgate moved out of the red, the right to manufacture for its according to Mr. Trillwood, yet local markets. This would pre-tax profits topped £80,000 give Wentgate a 10 per cent for the whole year (to March royalty on further sales, with 31), compared with only £10,000 minimum royalties rising to an "old company" for which ment.

If the directors have plenty experience at Pye has been reflected in their caution at Wentgate. Not only are they planning restrict turnover growth (in terms to a doubling over the next four years, but the company is now developing a "bread-and-butter" product which will help cover the overheads of some of the other machines—which, in view of their specialised nature, tend to be "one-off," in that they are tailored to each customer's requirements. With the welders worth an average of £20,000 each, it would be all too easy for such a small company to fall back into a cash flow squeeze.

Financing will be eased by the new five-year licensing agreement with Brew and Co. Inc. of New Hampshire. Mr. Threlfall senior expects Brew to take at least £250,000 of Wentgate's electron beam welders in the first year. It was only after three months of the deal, and during 1978

## At last — an investment league with Britain near the top

news is that 61 per cent of the engineering industry's tool population is now ten years old or less, compared with 59 per cent in 1973.

One of the messages to come out of the sector working parties more machine tools which have been hammering out the industrial strategy programme at NEDO is that there is a great deal more production in Japan and Italy. It is to be got out of manufacturing the existing equipment of machine tools to machines is not always necessary. The "Metalworking Production" survey shows what has happened already. The index

of industrial production, despite recessions, is at present well above that for 1966 and the extra output is being achieved with 8 per cent fewer people and 22 per cent fewer machines.

Clearly more output is being squeezed from a smaller group of existing machines, and NC must be playing an important part.

While the U.K.'s total number of metal-cutting machine tools grew by less than 1 per cent between 1971 and 1976, NC machines showed an average 9 per cent annual increase in the rate of installation. They now

number 9,725, double the 1971 total.

It took 12 months to carry out the national audit of machine tools. The sample involved 2,256 establishments, between them accounting for about one quarter of U.K. engineering employment. Each of these establishments spent days, even weeks, on the task of identifying sometimes thousands of machines, and then carefully classifying them by the 201 equipment categories adopted for the survey. The age and origin of every machine tool was then recorded within its correct category on

a very detailed six-page questionnaire.

Machine tool population analyses similar to the "Metalworking Production" survey have been carried out in the U.S. by "American Machinist" since 1925. And in recent years they have been introduced in some European countries and in Japan. So some comparisons can be made.

The British machine tool population, as far as age distribution goes, compares quite favourably with West Germany and the States, the two major producer countries. The proportion of all machine tools under

ten years old in the U.K. is 39 per cent, whereas in West Germany it is 37 per cent. In the U.S. it was only 33 per cent when the last census was taken in 1973.

Britain also compares favourably in the number of really old machines—those over 20 years. In the U.K. the proportion is 24 per cent, in Germany it is 26 per cent and in the U.S. 28 per cent.

Comparison with the French and Italians is more difficult because they use different age analyses. But 34 per cent of all French machine tools are under eight years old and in the U.S. 28 per cent.

per cent of its machine tools are under ten years old.

The analyses appear to show some association between the average age of an industry's machine tools and the productivity of its manpower. But it is less than might have been expected.

The two extremes, as far as the age of machine tools is concerned, are the photographic, surgical and scientific group of industries, where the average age is 11 years, and shipbuilding and marine engineering, with an average of nearly 20 years. This is not surprising in view of the differences in performance and technological demands between the two sectors.

manufacturing, electronics and telephone equipment, agricultural machinery and mechanical handling.

The statistics possibly suggest that updating machine tools could be a factor in achieving higher labour productivity. Or it is simply that more-efficient companies keep their stock of machine tools more up-to-date?

The highest labour productivity in engineering is in the construction equipment industry, another of the five selected under the industrial strategy. It is somewhat better than average in the age of its machine tool population but there has been an alarming decline in machine tool buying over the past five years—only 14 per cent of its machine tools are under five years old compared with 25 per cent bought in the previous years.

The Fourth Survey of Machine Tools and Production Equipment in Britain, Metalworking Production, £10.

Other industries, with old machine tools include the locomotive and carriage group, industrial engines (one of the sectors chosen for special attention under the industrial strategy programme) and aerospace.

Low average machine tool ages are found in wire and wire

Kenneth Gooding



HE third EEC conference was held in Brussels, one was quite divided. One U.K. Conservative MP, Mr. Ralph Howell, has tabled a motion in the European Parliament calling for a re-examination of the tripartite conference which he sees as "heralding the arrival of the corporate state in the Community" with results that "would be economically disastrous and politically dangerous." Few that is, unions and even by some of its proponents snorer for "quad" conference—held annually inter-

king at Leicester No 16 Airport—specially designed for the man pilot—is ten minutes from the city and not much further from the EEC. A flight of fancy brings you down to earth jump look at what Leicester has to offer.

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## Unions promote tripartite 'pop festival'

The format of the conference lends itself to the latter view: some 100 delegates get together for about eight hours once a year and read set speeches at each other. Nor have its results been exactly startling. Last year the conference adopted the goals of full employment, annual 5 per cent GNP growth and inflation of 4.5 per cent—all to be attained by 1980. The wold-you-so school of cynics was proved right by the admission last month by all parties to the conference that the Community was far off course in achieving this. The U.K. Chancellor, Mr. Denis Healey, who chaired this year's conference, was forced to concede that last year's goals "no longer had the same status as targets."

For precisely these reasons, the tripartite is anathema to some employers. The CBI in particular is concerned that the big tripartite will become more frequent than once a year, and that it will develop into sectorial approaches to industry. Its hope seems to be that if ignored the tripartite leviathan will go away; last month in Luxembourg it pitted its local Brussels representative against the TUC secretary general. However, not all regard the tripartite in the same way. Such leading lights as Guido Carli and Jacques Ferry, head of the French patronal attended, and Unice, the European employers association, put in a useful paper on the need to restore profitability and to recreate the right conditions for private investment.

## Trenchantly

If and when unemployment ceases to be the chief worry of the unions, it is still reasonable to suppose that they would favour continuing these tripartite gatherings. Partly, they feel it is a natural extension of the role that national unions have come to play in EEC member States. It is also worthy that the ETUC has made a point of conferring with the president of the Council of Ministers three times a year just before submits attended by EEC Heads of Government. But the ETUC would also like to see the big tripartite spawn a number of mini-tripartites for various sectors of the economy and industry. An obvious parallel is the little Neddies that exist in the U.K. Only in the coal and steel area, under the Treaty of Paris which preceded the Treaty of Rome, does there already exist a sectorial mini-tripartite group in the shape of the Coal and Steel consultative committee.

Second, the ETUC sees the tripartite as a platform for possible planning agreements at the European level. When Mr. Len Murray, secretary general of the British TUC, proposed in Luxembourg last month "a system of regular reports on, and analysis of the investment and manpower policies of the 100 top European companies," he was only putting more trenchantly the increased control of multinationals that the ETUC has been aiming at for some time.

David Buchan

Sponsored by the Financial Times, The Institute of Chartered Accountants in England and Wales and International Computers Limited in association with the Institute of Directors and the Confederation of British Industry. National Management Game 1978

Entry lists are now open for teams wishing to compete in the 1978 National Management Game—the annual championship which provides management training by simulating a boardroom environment in which team members work together to take management decisions—within a time limit and under the pressure of competition. A prize of £1,000 will be awarded to the winning team which will also be eligible to enter the European Management Game finals in Sweden next Autumn. The problems and risks relating to realistic business situations and the consequences of the strategies adopted are posed and appraised by computer. Each team is, in effect, a company making decisions on the deployment of its financial, marketing and manufacturing resources. The winning team is the one whose final balance sheet shows the greatest net profit.

Round 1 begins: 1 January 1978  
Finals (in London): July 1978  
Entry fee, per team: £55 (including VAT)  
Closing date for entries: 11 November 1977

National Management Game 1978 Request for entry form To the National Management Game Administrator, International Computers Ltd, Victoria House, Southampton Row, London WC1B 4EJ. Telephone: 01-242 7806. Please send an entry form and full details of the 1978 NMG. I enclose the entry fee of £55, incl. VAT. NAME: ADDRESS: Individual awards are made to all finalists.

# FINANCIAL TIMES

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Wednesday July 27 1977

## Tactics all the way

THE GOVERNMENT'S attempt to salvage a devolution policy from the ruins of the Bill that was lost on a guillotine motion in the House of Commons in February will be judged on two quite different levels. The first will be the essentially tactical question of whether the arrangements now being offered will have any better chance of finding a majority. The other is whether the provisions of the revised settlement will provide for a stable system of devolution and so resolve the issue at least for several years to come.

For the probability is that the Government may not have persisted thus far were it not for the need to sustain the Lib-Lab pact and the fear that, unless some concessions were made to nationalist aspirations, they would lose more traditionally Labour seats to the Scottish Nationalists at the next General Election. As the same time the debate outside Scotland about devolution as such has tended to become an argument between, on the one hand, those who feel that, in the absence of concessions to nationalist feelings, a period of tension would inevitably lead to the break-up of the U.K. and, on the other, those who believe that any concessions will lead to demands for more. The fact that these opposing views are passionately held, the fact that the two major parties are split, and the fact that the Government has a bare hold on the House of Commons—all these factors have helped to introduce considerations of expediency.

Having lost one Bill, the Government has now decided to offer a further batch of concessions designed to win new friends without losing existing ones. The decision to have two separate Bills, one for Scotland and the other for Wales, eases one possible source of difficulty and the decision to have a free vote for Labour MPs on proportional representation clears away another. At the same time, the Government has said it is willing to discuss proposals from the Scottish Assembly for independent revenue-raising

## Unemployment at new peak

ONCE again, the chief reason for a very sharp rise in the gross unemployment level—it has now reached 1.6m., or 6.8 per cent. of the U.K. labour force—is the addition of some 100,000 school-leavers to the register. This particular development was so well expected that Mr. Booth announced at the end of last month a new package of measures designed to deal with unemployment among the young. Although it will not be producing its full effect for another twelve months or so, this package has been generally welcomed because the problem it seeks to solve is continuing to be regarded as a structural, not only a cyclical one. It is likely to be more intractable in this than in many other industrialised countries, moreover, partly because of the relatively light emphasis hitherto placed on vocational training in schools, partly because the population of working age will grow steadily until the mid 'eighties through a relatively large influx of school leavers.

But a large number of the school leavers now on the register will find work (or go back to school) within a relatively short time. The immediately disturbing fact about the latest unemployment figures is the underlying trend, obtained by leaving school leavers aside and making allowances for annual seasonal changes. This shows a very large increase for the second month running. In the months February-May, the recorded underlying trend of unemployment actually fell. This was difficult to reconcile with what was known from other indicators about the very slow growth of the economy, and it was not altogether surprising that the June figure showed a rise much more than large enough to cancel out the drop of the previous four months, even after allowing for known special factors. At the same time, the number of unfilled job vacancies, which had been rising, fell back. One month's figures in themselves are never a safe basis for judgement, but these at least had the advantage of greater plausibility than those that had preceded them.

Whether Ministers have hit upon a set of proposals that will endure is another question altogether. They may believe they have now devised a less arbitrary division of powers between the Assembly and Parliament and, if a PR system of voting is adopted, there may be fewer chances of a major confrontation between the two. But the offer to discuss tax-raising powers later on and to negotiate the block grant on a four-yearly basis could well store up trouble for the future, and suggests that Ministers have not yet found a satisfactory way of inserting a devolved government into a unitary system. The trouble is that, for a variety of reasons, tactical considerations have all too often dominated the Government's handling of the devolution issue, which is not the way a question of such constitutional and historic importance should be decided.

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EARLY YESTERDAY morning the 1977 Finance Bill completed its Report Stage in the House of Commons—nothing up a record in the process. No Finance Bill, at least since the war, has been subject to so many alterations of importance to the tax payer in its progress through the House of Commons. It now goes to the Lords for a formal reading but cannot be changed.

The changes made in the Commons range from such fundamental matters as a qualified commitment to indexation of personal tax allowances from next year, new rates of personal and other allowances for people working abroad and for taxing fringe benefits, several promises to take action next year, and a surprising decision not to allow the Special Tax Commissioners to publish selected reports of their decisions.

The Government's acceptance of the principle of indexation of personal tax allowances was reluctant but was forced on it by its minority position in Parliament. Amendments originally tabled by the Conservatives had been passed in the Finance Bill Standing Committee on the same night as the Committee voted against the Government to support increases in personal allowances which was tabled by two Labour backbenchers, Mr. Jeff Rooker (Perry Barr), and Mrs. Audrey Wise (Coventry South-West).

The relevant sections of the Act now go on to say that the figures for 1978/79 shall be changed by not less than the percentage movement in the Retail Prices Index for 1977, and similarly for subsequent years. There are two qualifications: the allowances could go down as well as up, but they are not to be reduced below present levels. The second proviso enables the Chancellor to order a level below that produced by the RPI formula, so long as he can get his Order approved by the House.

Mr. Healey did not let the Rooker/Wise figures stand. In his Budget the allowances for a married man was to be £1,225 (£1,085 in 1976-77); the Rooker and Wise amendment made it £1,270; the Chancellor's proposal accepted at the Report Stage was for £1,295. The allowance for a single man in the Budget was to be £805 (£735); the Rooker and Wise amendment was for £860; and his revised proposal was for £845.

His justification for these revisions was that his final figures maintained the thrust of his original Budget strategy of giving greater benefits to families at the expense of single people. The Chancellor's pack-

age announced on July 15 also included the reduction in the standard rate of tax from 35 to 34 per cent.—the two elements together being described as a way of benefiting the lower paid rather than those on higher incomes. The Chancellor says that had his Budget proposals stood, a married man with two children under 11, earning £3,000, would have had a threshold of £1,591, and would therefore have paid tax at 33 per cent. on £1,409.

Some minor alterations written into the Finance Bill in Committee and on Report can also be seen as reflecting the Treasury's more liberal approach to indexation. Mr. John Pardoe (the Liberal spokesman) gained acceptance for an increase from £1,000 to £1,500 in the maintenance payments to a divorced wife which are not taxed in her hands as investment income. The Liberals also succeeded in increasing the margin at which age relief tapers off from £3,250 to £3,500. The Conservatives increased the tax free level of Savings Bank Interest from £40 to £70. In a fit of generosity the Treasury extended age relief to a taxpayer who would have been entitled to it for a particular fiscal year had he not been unwise enough to die before reaching his 65th birthday.

The most interesting Treasury change of heart on indexation is one which is not to be found in this year's Finance Bill. Mr. Joel Barnett has given an undertaking to consider, and attempt to deal with in next year's Bill, proposals for indexing Capital Gains Tax. This would probably not be a strict indexation, so much as a tapering of the tax rate for assets held for longer than a stated period.

A second group of Report Stage amendments relate to the tax reliefs for those working abroad—those referred to in Mr. Healey's original announcement in December 1976 as being "in the Bill as originally drafted, a man entitled to the 25 per cent. exemption needed to show that he had spent 30 "qualifying days" outside the U.K. The relief then given to him was exemption from tax on 25 per cent. of his earnings for the part of the year spent abroad. The calculation of that part was not related to the qualifying days, but to days defined in a different way. The Treasury has now rewritten the rules. There is only one definition of day, which counts into the 90 needed to trigger the relief, and then also counts as part of the proportion of earnings on which the 25 per cent. exemption can be claimed.

The new qualifying day is a day at the end of which the individual concerned is out of the U.K., this presumably meaning being off U.K. soil immediately before midnight and also being outside territorial waters, and airspace over either. There are three further requirements, any one of more of which will make a day into a new qualifying day. The most obvious is that of being a day substantially devoted to working duties outside the U.K. A day spent travelling for the purpose of the performance of those duties also qualifies, and the third of the requirements brings in infrequent week-ends. A day which is one of at least seven consecutive days spent outside the U.K. for the purposes of employment—so long as those days taken as a whole are substantially devoted to working duties abroad—is now a qualifying day. These changes make the relief easier to understand and easier to administer. Thirty qualifying days entitle the employee to relief and the relief is a 25 per cent. exemption on 30/365ths of his earnings.

# Finance Bill as amended at report stage

## Something of a record

The earnings of the job at destination. The man with a single employment has, of course, always been entitled to a deduction for travelling costs if his employer requires him to work sometimes in one place and sometimes in another. The last category is one which can overlap any of the previous three, namely the man who is abroad for a continuous period of 60 days. Travelling expenses for his wife or any child either at the beginning, or during, the period are deductible; so also are his own travelling expenses visiting his wife or child at the end of the period abroad, and in all cases deductibility extends to return journeys in each direction by any one person.

The Finance Bill attempted to rationalise the rules for taxing "benefits in kind" where accommodation was provided by an employer. The basic approach was one of making all accommodation taxable with three exceptions and one proviso. The first two exceptions were reasonably non-controversial; namely employees who had to live in particular houses for the proper performance of their duties and those who could better perform their duties from an employer-provided house, so that it was customary for those employees to provide such accommodation. The third of the exemptions was originally limited to holders of offices under the Crown, where the Secretary of State certified

that the individual's security was threatened and that he therefore had to live in accommodation which could be protected. After some needling, the Chancellor has widened this third exemption to cover any individual whose security is in fact threatened, whether or not in the employment of the Crown. The proviso operated differently. Directors of higher paid employees living in accommodation which fits into one of the three exempt categories would still be taxable on the value of any services paid for by the employer in connection with that accommodation. The Bill provided that they should not pay tax on an amount in excess of 10 per cent. of their earnings, even though the costs of heating, lighting, cleaning and furnishing the accommodation might exceed that percentage. A difficult cross-over repairs. The intention was that structural repairs should be recognised as

benefiting the employer (as their historical roots emanation of the Board of Inland Revenue, and the Court of Record, then the Bill did not originally achieve this, but has now been amended to do so. Rationalising legislation on benefits in kind seems an endless task. It was never intended that travel vouchers for the armed forces going on leave should be taxable, and they have now been exempted. Mortgage interest relief has also been extended to people buying homes, for instance, for retirement, even though their jobs require that they currently live elsewhere. This particular relief parallels that already provided for capital gains tax purposes. The exemption of a gain on disposal of a sole or main residence covers a gain on the retirement home despite the employees having been prevented by his job from living in it.

One very surprising amendment was made to the Finance Bill in Standing Committee. The original clause 46 empowering the Special Commissioners of Income Tax to publish reports of their decisions was removed from the Bill. This proposal had originally been widely welcomed and recognised as stemming from the 1975-76 Annual Report of the Council on Tribunals. This body suggested a review of the status and function of the Special Commissioners and one of the elements of that review was the proposal for publication of selected decisions.

In Standing Committee, this proposal met with less than total enthusiasm. Mr. Peter Rees QC, a Conservative member of the Committee who practises at the Tax Bar, voiced the Committee's general unease. First, the Special Commissioners may deal with many complex and important cases, but they do not have a monopoly of these; many bodies of General Commissioners, for instance those in the City, deal with cases just as complex and just as weighty. Secondly, no body of Commissioners is bound even by its own decisions, still less by those of other bodies of Commissioners. They are supposed to come, de novo, with fresh minds to each problem. Third, if reported decisions were to be of any value, the background facts would have to be indicated in considerable detail, which gives rise not only to problems of confidentiality where supposedly anonymous taxpayers could be identified, but also gives rise to problems for the Special Commissioners themselves in finding time to record the information for publication.

Lastly, Mr. Rees pointed out that if the review of the status and function of the Commissioners were so radical, to change their method of operation that they completely lost

## Finance Bill

which is £485. The increase in the married man's allowance takes his threshold up to £1,661, and tax at 34 per cent. then only takes £465. The July 15 package improved the position of the £3,000 a year man more

## Finance Bill

than the Budget proposals would have done, even with the full 2 per cent. basic rate reduction envisaged.

## Finance Bill

wholly-owned U.S. subsidiary, headed by a Yorkshireman who, Cowan admitted, probably "earns more out there than I do." Even the British Embassy in Washington is holding a special promotional event in November which should give Peter Jay an excellent chance to warm up his promised "British is Best" act.

## Finance Bill

Since Ian McIntyre took over as Controller of Radio Four less than a year ago there has been an almost permanent row at Broadcasting House over his proposed changes in the coverage of current affairs. Already some of his ideas are beginning to take shape, in particular his revamping of the early morning "Today" programme, but they have been bitterly opposed by most of his senior colleagues.

## Finance Bill

manent men at the BBC who seem nowadays to spend more energy planning their next plot against McIntyre than actually working on the night's programmes. Tut-tut aunt.

## Finance Bill

Just out on the bookstalls is yet another Arabic-language weekly, published in London—al-Dastour ("the constitution"). It joins the weekly, al-Arab ("the Arabs") which has been floundering somewhat since it first came out in June. The new arrival takes the battles of the exiled Beirut press one step further. Al-Arab had Libyan links. To figure out what al-Dastour is all about look no further than the back for a come-to-sunny Iraq tourist advertisement and the front for a picture of Dr. George Habash, the leader of the extreme Popular Front for the Liberation of Palestine, who is interviewed exclusively inside. The weekly's editor, Ali

## MEN AND MATTERS

### Get that heart beat

What would you do if your company had just invented the world's first machine to monitor the heartbeat of unborn babies and you wanted to get the message across? That was the problem facing Ronald Cowan, chairman and managing director of one of Britain's desperately few high technology, high export private companies, Sonicaid Limited, when he went to a Berlin medical equipment congress nine years ago.

### Hush-hush

Since Ian McIntyre took over as Controller of Radio Four less than a year ago there has been an almost permanent row at Broadcasting House over his proposed changes in the coverage of current affairs. Already some of his ideas are beginning to take shape, in particular his revamping of the early morning "Today" programme, but they have been bitterly opposed by most of his senior colleagues.

### Arab news

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# FINANCIAL TIMES SURVEY

Wednesday July 27 1977

# BIRMINGHAM

The problems of the motor industry have seriously blighted Birmingham's post-war success story. The city's strength lies in its diversity of employment and skills and it is determined to create an environment for new growth.

mind

is now the nation's second city with a population of 1.2m. Known as the "town of 1,500 trades," it grew prosperous on its own spirit of initiative in an era when Birmingham, like Britain, became the workshop of the world.

To-day the complaint is that the city is being strangled by its own success. With its modern three-lane motorway system and garish office blocks and shopping centre, it has become the symbol of the post-war motor car era.

But the unparalleled prosperity of those days suffered a nasty jolt in the wake of the 1973 energy crisis and the collapse of the British Leyland empire.

Carried along by the export achievements of its motor industry and dependent component supplies, Birmingham was considered fairly safe from the vicissitudes of the international trade cycle. But, as Mr. Bosworth and leaders of all the political parties in the city will never tire of recounting, this was the period when Birmingham slipped from its position of ascendancy not only within the Midlands but within the nation as a whole.

The concern of Whitehall and Westminster to take investment and jobs to the assisted areas of the country meant that Birmingham was starved of the funds and technology-based industries. For so long regarded as able to export job opportunities to the less advanced regions, Birmingham was deprived of the indigenous growth necessary to create a broad-based local economy.



Investing in the future. The Kitwell Junior and Infant School in Birmingham.

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ONSERVATIVE-conservative Birmingham City Council on a programme of public expenditure value for money. Bosworth and leaders of all the political parties in the city will never tire of recounting, this was the period when Birmingham slipped from its position of ascendancy not only within the Midlands but within the nation as a whole.

Mr. Bosworth, the old leader of the Birmingham Administration, growing and private enterprise as able to export job opportunities to the less advanced regions, Birmingham was deprived of the indigenous growth necessary to create a broad-based local economy.

Even now, Birmingham has been a shift in government opinion over the past few years. There is still a widespread suspicion of state intervention by Cabinet Ministers that they acknowledge the problems of the inner city areas. No matter how many declarations are made to the effect that such urban problems have been switched from the development of overspill towns, such as Redditch, Telford, and Daventry, towards encouraging new job opportunities within the city. In less than a decade opinion within Birmingham itself has been transformed. From being

one of the pioneers of clearance and urban redevelopment—and the empty office blocks bear testimony to this—the accent is now upon rehabilitation and community development. The scale of the problem should not be underestimated. Birmingham displays all the features highlighted in the recent Government white paper, "Policy for the Inner Cities." There is comparatively high unemployment, a mismatch between the skills of people and the kind of jobs available. The city has suffered a loss of employment in traditional indus-

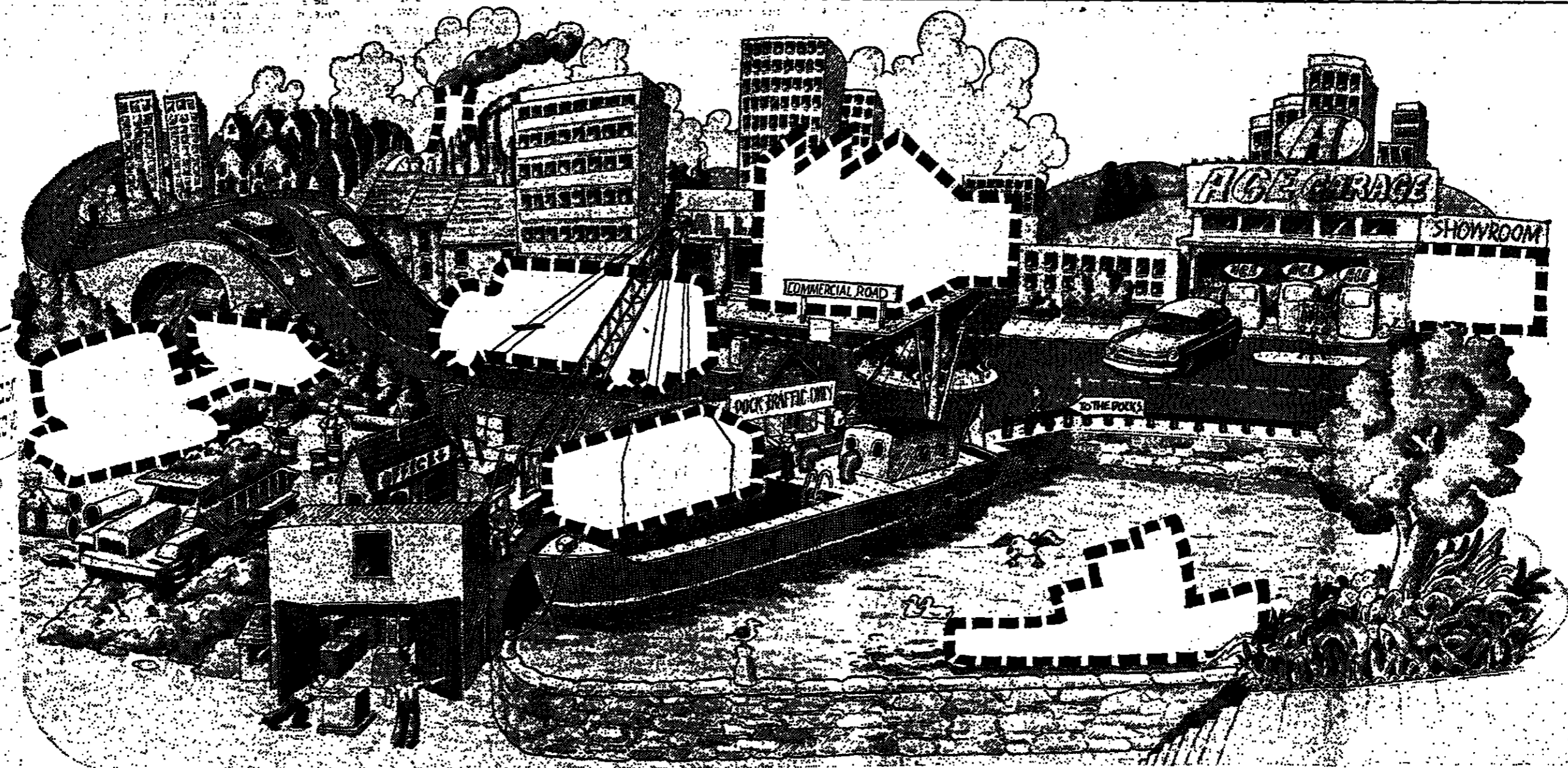
tries, closure of small firms, and lack of investment in new developments. Side by side with the decline in the economic base, the middle class and more mobile section of the population has moved out to the suburbs, leaving behind the older, poorer and more disadvantaged. The need, identified in the White Paper to tackle such problems on a comprehensive basis and harmonise the housing, industrial, and social activities of the local authority, was acknowledged by the city some five years ago with the

setting up of an urban renewal unit. The city insists that it already has the framework for translating proposals into positive action but what it lacks is the resources. In the words of Mr. Reg Hales, Chairman of the Environmental Health Committee, there is a need for the Government "to put its money where its mouth is." There is considerable frustration that, although Mr. Shore indicated in a major speech last February that Birmingham would receive an £11m. supplement to help deal with its inner area problems, the money has not yet been forthcoming. Officials do not know what restrictions will be placed upon the allocation or whether it will be in the form of a grant or merely loan sanction. But whatever the longer term problems, the Conservative Administration under Mr. Bosworth has lost no time in trying to pare down local authority spending—and that is no easy task for a council with a staff of nearly 60,000 and an annual budget of £214m. The most dramatic move was the scrapping of the system of corporate management adopted by many local authorities in the wake of the much-acclaimed Bains Report. According to Mr. Bosworth, public spending, Mr. Bosworth intended to achieve better coordination of council activities, controlled West Midlands County Council. Mr. John Taylor, the Leader of the Metropolitan Authority, which em-

many officers at various levels spent too much time talking to each other." Accordingly, the corporate management team was disbanded, with the Council reverting to its traditional system. The position of Mr. Francis Amos, the chief executive, remained in doubt until the end of last month, when the Council decided such an office was no longer needed or required. Mr. Amos was declared redundant and the City Treasurer appointed the Council's principal adviser. Birmingham has enjoyed a tradition of strong party politics in its local Government since the reforming days of Joseph Chamberlain 100 years ago. And the present administration has already excited its own share of controversy with its sale of council houses and its campaign to maintain the grammar schools established during the King Edward VI phase of the direct works building department, which has a total labour force of around 450. This has provoked trade union protests and demonstrations although no redundancies will be declared. In his desire to hold down public spending, Mr. Bosworth has found new strength from the election in May of a Tory-controlled Midlands County Council. Mr. John Taylor, the Leader of the Metropolitan Authority, which em-

functions, he maintains. "For many officers at various levels spent too much time talking to each other." Accordingly, the corporate management team was disbanded, with the Council reverting to its traditional system. The position of Mr. Francis Amos, the chief executive, remained in doubt until the end of last month, when the Council decided such an office was no longer needed or required. Mr. Amos was declared redundant and the City Treasurer appointed the Council's principal adviser. Birmingham has enjoyed a tradition of strong party politics in its local Government since the reforming days of Joseph Chamberlain 100 years ago. And the present administration has already excited its own share of controversy with its sale of council houses and its campaign to maintain the grammar schools established during the King Edward VI phase of the direct works building department, which has a total labour force of around 450. This has provoked trade union protests and demonstrations although no redundancies will be declared. In his desire to hold down public spending, Mr. Bosworth has found new strength from the election in May of a Tory-controlled Midlands County Council. Mr. John Taylor, the Leader of the Metropolitan Authority, which em-

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# Leyland faces a long road to recovery

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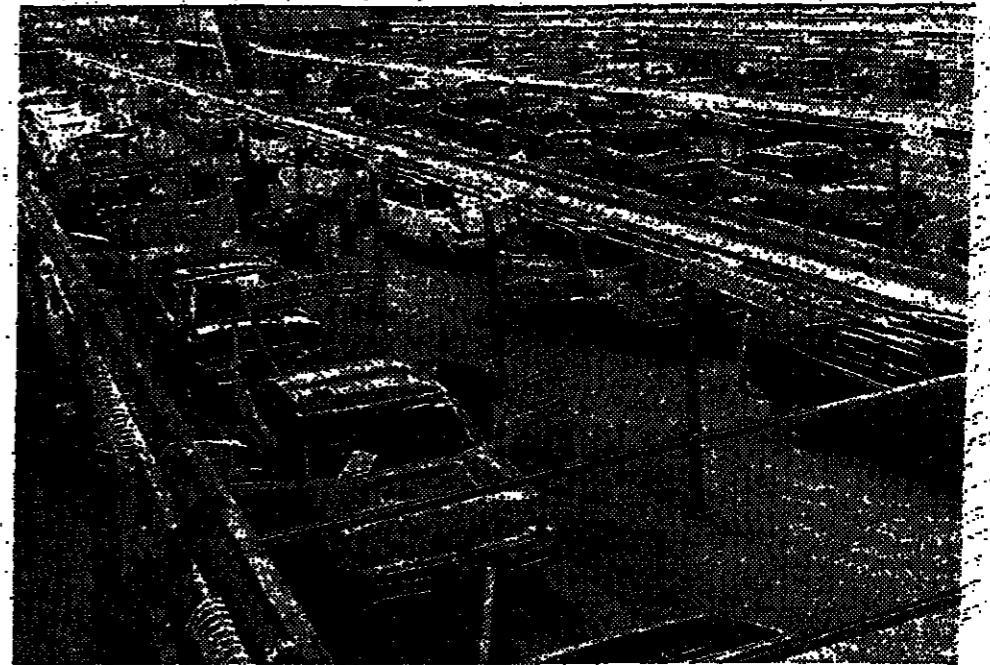
Without a new Mini the future for Leyland's Birmingham operations looked bleak. With it, given a fair wind, the Longbridge complex could recapture the leading position it had during the palmy days when Austin led the British motor industry.

But even if Leyland's plans for the new car run uncharacteristically smoothly, there is no escaping the fact that Longbridge is facing a tough decade. The days when the motor industry grew automatically year by year are over.

Britain's domestic market may take another five years to get back to the levels last achieved five years ago; and both at home and abroad the U.K. product is facing competitive pressures from foreign manufacturers.

Much of Birmingham's ability to break out of this vicious circle of stagnation depends on Longbridge. The plant, employing about 20,000, and reckoned to be the largest motor industry complex in Britain, is now undergoing a radical change to make it into a single product organisation. The idea is to break away from the policy of producing a mix of models which it has had in the past, and thereby redesign the facilities to provide roomier and more efficient facilities.

These improvements, combined with a totally new body plant feeding into the assembly lines, should give Longbridge a working environment equal to anything in the rest of Europe. But the challenge that faces the plant and its management is to make it work as efficiently as competitive factories overseas. Clearly the reorganisation of Longbridge will require some streamlining of the workforce, and some changes in work practices. If this is to achieve success, the reorganisation will need to get off the ground more swiftly than it has at the Solihull plant just down the road,



The Rover 3500 production line at Solihull.

Lucas, for example, is looking to have a turnover of \$1bn. in North America by 1985, a similar amount of business to that it already does in Europe. GKN and Associated Engineering are similarly looking at the U.S. Already GKN's Hardy Spicer subsidiary has won a big order from Chrysler for universal joints which has added substantial capacity and investment to its Birmingham operations.

The experience of many factories for European companies should be a great advantage in the component companies' thrust into the U.S. Just as in Europe, they are not simply following the British motor manufacturers into a market, supplying their replacement parts and making their specifications, they are having to adapt their technology to the local demands.

If the American venture pays off, it is conceivable that U.K. component companies will be more aligned to overseas-based motor assemblers than the U.K. car companies in years from now. The uncertain factor in all this is, of course, British Leyland, which could be resuscitated in a period or simply have gone through another spiral of decline. But without a successful reorganisation, the British Leyland, the Birmingham motor manufacturers into a original equipment sales in Britain. Ford may be taking up some of the slack, but Leyland's means a loss of sales of U.K. manufactured parts designed from Britain, many of those parts designed for the U.K. market. Many British components in the U.K. market are now being replaced by imports, even those U.K. component companies which have been designed for the U.K. market. Many British components in the U.K. market are now being replaced by imports, even those U.K. component companies which have been designed for the U.K. market.

### Benefit

The benefit to Britain from the component companies' break-out into other markets is evident in the big £1.5bn. surplus earned on motor industry exports last year—much of it from component exports. These companies argue, against the common trade union position, that investment overseas is sometimes essential in winning a position in a foreign market; but that position having been achieved, success can generate orders for the British factories, and keep the research and development facilities busy. The experience of the last few years suggests that there is some force in this point of view.

Partly because of their expansion overseas, the Birmingham and district-based component companies have at least managed to maintain healthy finances through the depression of the mid-1970s. In effect, this crucial period has confirmed their new status as an independent force in the British industry. Many of them are now multi-nationals in their own right, still expanding their overseas facilities while British Leyland, after its abortive foray into Europe, is contracting. They have broken away from their client status in relation to the big car concerns to develop more flexible business strategies based on a service to the world industry.

The question the component companies now face is where to expand next. Their development overseas has gone in carefully phased stages, first to the British dependencies, where the motor manufacturers usually had a presence anyway; then to the third world, and latterly to Europe. The component companies have been some of the most vigorous supporters of Britain's accession to the Common Market, and many of them had established very strong bridgeheads on the Continent even before Britain voted to join.

The business of building on these bridgeheads is continuing, most obviously at GKN, which is still embroiled in its legally-contested takeover bid for Fichtel and Sachs in Germany. In many ways this is the most intriguing development of any of the British companies overseas, because it will produce a situation where not much less than half of GKN's European component output is coming from the Continent, and it will give a British company a very strong stake in West Germany, probably the most difficult market to break into.

In France and Italy, in contrast, many of the component concerns are already well established—Wilmot Breedon, for example, in France, and Lucas with both its Girling and CAV subsidiaries, and Automotive Products and Associated Engineering. Even when the scope of their local investments is limited, these companies have built up strong exports.

Many of these companies have recently identified the U.S. as their next area of major growth.



### Mind

CONTINUED FROM PREVIOUS PAGE

braces six other district councils in addition to Birmingham, is pledged to confining local government activities merely to those statutorily placed upon it by government.

Neither Mr. Bosworth nor Mr. Taylor is happy with the present two-tier system of local government, but feel they have no option but to try to make it work. "Reorganisation of the system was reformed for its own sake and caused unnecessary duplication and confusion of responsibilities," according to Mr. Bosworth.

He complains in particular about the delay in planning decisions caused by the division between strategic and detailed planning functions. "We should not fight shy of reform. I believe in horses for courses, and I am sure that by a process of evolution we can work something out that will meet Birmingham's requirements."

What progress can be made on this front remains to be seen, but it would certainly be welcomed by businessmen in the city, who, like the politicians, feel that with two major councils administering the metropolitan area there is often a confusion and new growth engendered.

of priorities. The decision is held to be sensible, made by a central government of more favourable dealing with the urban renewal and development. The city is conscious of its small firm diversity of employ skills. There is a determination to create the environment in which the setback by the motor industry recent years can be overcome.

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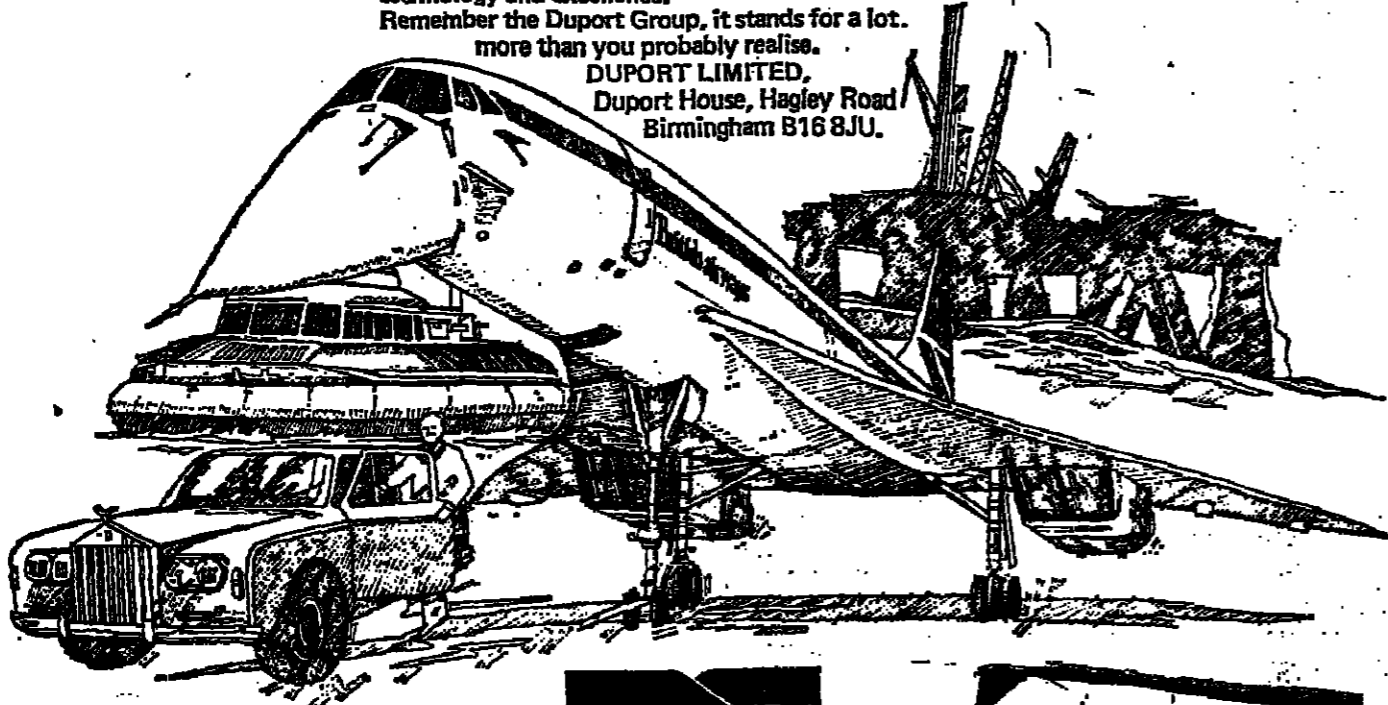
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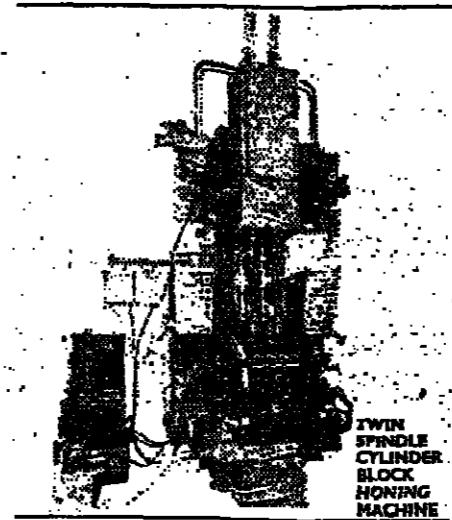
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## BIRMINGHAM IV

# Industrial uncertainty

BIRMINGHAM, WITH its wide range of manufacturing industry and dominance in the engineering and metal trades, gives a very good indication of the state of the nation's economy. The outlook at the moment is not encouraging: investment is low, production fairly stable, and there is widespread spare capacity. Some hope can be taken from the successes achieved in export markets, particularly by the vehicle component industry, but even here there are signs that the improvement may be levelling off.

"The onset of business confidence so clearly apparent earlier in the year has undoubtedly taken a knock," according to Mr. John Warburton, the acting director of the Birmingham Chamber of Commerce. Most companies have taken a cautious view about the long-forecast upturn in the national economy and have held investment steady and been slow to take on new labour. The main factor disturbing business confidence over the past few weeks has been the mounting uncertainty about what will happen to wages when the present phase of pay restraint runs out at the end of this month.

Mr. Richard Hale, President of the Chamber, maintains that a heavy responsibility now rests upon the Government to set an example to industry by restraining wage and salary awards effectively in the public sector. "If the Government fails to give the lead, it will throw away the benefits earned by voluntary restraint over the past two years."

Birmingham businessmen are renowned for their belief in unshakable free enterprise and the Chamber, though acknowledging help given to the city in the form of industry aid schemes, has consistently argued that the main role of Government should be to create a business climate conducive to investment and profitability.

Whatever the merits of such arguments, it cannot be denied that Birmingham has been one of the main beneficiaries of a major shift in government regional policy over the past two years. Given the limited resources available, the Labour Administration has switched the emphasis away from purely regional aid geared to job creation in favour of a more

selective approach, Birmingham companies have taken a fair proportion of the money disbursed under the accelerated investment scheme, and the placing orders for new machinery. The State-owned concern in the clothing machine tool and ferrous and non-ferrous foundry industries.

Specific measures announced by the Chancellor of the Exchequer in his recent major parliamentary statement about pay policy will be of particular benefit to Birmingham. Hopes are high that the city will get its share of the £100m. to be injected into the nation's construction industry in the current financial year. Unemployment in the housebuilding and civil engineering sector has been a particular problem for Birmingham and any additional funds are likely to merely prevent the situation deteriorating further rather than creating a significant number of extra jobs.

The Government has also stepped up the funds available for ferrous foundry and machine tool investment. Birmingham, with its tradition of metal manufacture, has taken particular advantage of the government assistance to modernise foundries—not only to meet new health and safety requirements but also to raise efficiency and enhance the quality of a raw material so important to much of Midlands industry.

Through at first sight perhaps an unlikely export industry, the Birmingham foundries have focused attention on overseas sales and achieved considerable success. However, a further indication that the home economy may not be picking up as quickly as expected is the fact that several foundries have reported a recent downturn in orders compared with earlier in the year.

Birmingham's machine tool industry has shown increasing interest in the Government aid scheme over recent months after what for the Department of Industry was a disappointing start. The scheme has been well promoted locally and widened in its scope. Two sectors closely allied to the industry—manufacturers of one-off tooling (jigs, fixtures and press tools) and of assembly machines—have been included.

But the major concern for the machine tool manufacturers is the deep recession which it has suffered over the past few years. Even now, many companies are

working at only around 80 per cent of capacity. There is widespread frustration at the long delay by British Leyland in investment scheme, and the placing orders for new machinery. The State-owned concern has indicated that it will be spending around £40m. to £50m. a year for each of the next five years. Preliminary design work has been carried out on some of this work but the orders have still to be confirmed.

A steady ordering pattern from Leyland was regarded as important to help the industry ride out the troughs of what is a very cyclical trade. Indeed, manufacturers have warned Leyland that should orders be delayed until well into next year, they may not have sufficient spare capacity available.

Birmingham should gain from the latest industry aid scheme announced by the Government only last week. An initial £20m. has been set aside for "a new products and process scheme" intended to encourage manufacturers to introduce better designed products and to get them onto the market more quickly.

Though projects from any sector of industry will be eligible for consideration, the main thrust of the scheme will be in mechanical and electrical engineering—areas where much of Birmingham's manufacturing is concentrated. No project costing more than £1m. will be eligible as the Government wants to spread the available funds over a wide spectrum of industry rather than concentrating on a handful of major high-technology schemes.

Birmingham's engineering sector is noted not only for its skills but the wide range of products and components produced. Despite this flexibility, there is still a fair amount of spare capacity. The only indicator of an improvement in the tightening of the market for skilled labour but, with only a few exceptions, this has not yet developed to the point where it is a significant constraint upon production.

Unemployment has fallen over the past 12 months, but not dramatically, and the latest statistics show more than 42,000 people jobless (6.2 per cent), compared with 5.4 per cent in the West Midlands as a whole and a 6 per cent national average.

The key to future employment moves, and indeed to the prosperity of Birmingham, rests heavily upon developments at British Leyland. The Ryder

compensation in the face of higher taxes, mortgage charges, and living costs.

A significant feature of the industrial relations scene over recent months has been the high number of regrading issues. Such disputes have tended to involve supervisory level employees and can be seen largely as a tactic to get round earnings restrictions.

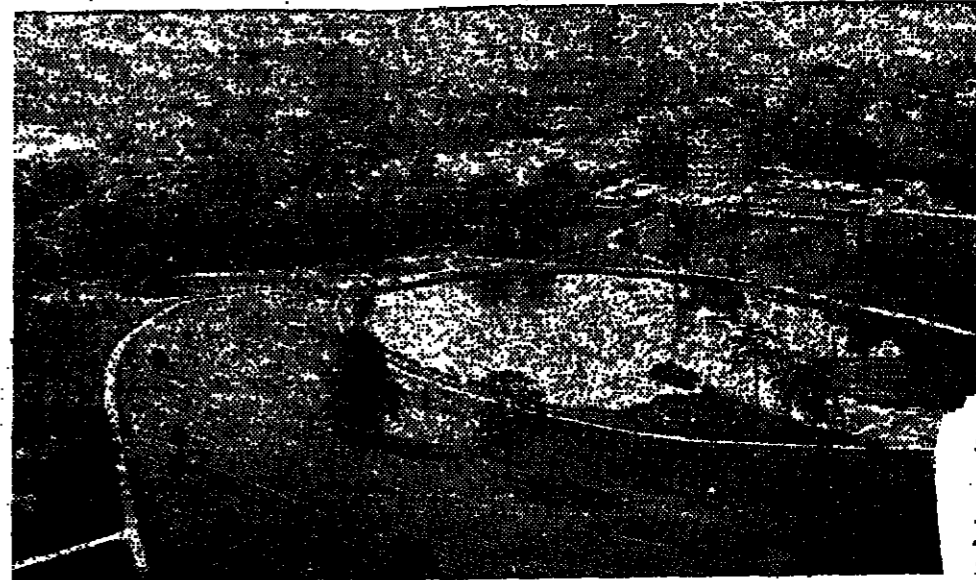
Another problem which is particularly acute in Birmingham, where piecework is still widespread, is the clash of interest between the pieceworker and the hourly paid employee. On piecework, where the rate for new jobs is constantly being renegotiated, it is possible to raise earnings in a way that is denied to the man paid by the hour. In plant level negotiations, through the joint shop stewards committee, the inherent advantage of the pieceworker has traditionally been acknowledged in annual wage reviews and he has been awarded less.

Of key interest to Birmingham employers is whether or not the Government will try to introduce some device for monitoring self-financing productivity deals. This is an area which the local engineering industry knows to its cost from

the driving force behind that conference was the unofficial but powerful British Leyland shop stewards' combine. Under their chairman, the Communist Mr. Derek Robinson, the stewards sought to mobilise factory floor opinion against further wage restraint. The task was not difficult. The Leyland men had found a popular cause. As the round of union conferences got underway in June and July, it appeared only a question of time before the lead given by Birmingham gained national approval.

It is significant that the 20,000 manual workers at Leyland's Longbridge plant, Birmingham, were among the first this month to sign in a wage claim for "at least £15 a week"—an increase of more than 20 per cent. In addition they want consolidation of the wage increases under Phase One and Two, and a lump sum payment to buy out the changes in working methods necessary to make the proposed new Mini a success.

Longbridge, as the biggest Leyland plant, traditionally



The campus at Birmingham University.

land unions have certainly set the pace in the demand for a return to free collective bargaining and it remains to be seen whether and how quickly that militancy will spill over into actual stoppages.

Supply has traditionally been the factor holding down Leyland market share, but with dealers' stocks now high, concern is being expressed about demand. How significant is the apparent lull in sales will be better judged next month after the introduction of the new "S" registration number plates.

Acknowledging the uncertainties involved in the motor industry, component suppliers and the engineering sector as a whole have attempted to diversify into a wider range of products and particularly into overseas markets.

The attention which Birmingham companies as a whole have yet paid to exports in response to the latest recession has been noticeable. The Chamber of Commerce reports considerable involvement by firms in trade missions to various parts of the world, but the rising trend of

export deliveries appearing to level off. A survey of companies indicated that from overseas were no as three months ago, picture is very mixed—difficult to generalise.

Export directors point slow down in the export international economy to the fact that Britain are becoming less price sensitive now that sterling is steady. There is less a determination to overseas sales as this main area where appears possible.

Indeed, the Chamber indicated that the issue at the moment is confidence. One in the companies reported that still operating at below capacity, and of expect turnover to improve.

With the Government resolve on the wages yet untested, and in very survival in doubt, the industry can see which to base confidence about business next 12 months.

Levels of output achieved at the Leyland plants are a significant determinant of the pace of activity of the Birmingham economy. The fact that the Cars Group over the past couple of months has been able to consistently achieve production of around 20,000 vehicles a week has had a multiplier effect.

The main uncertainty is whether this improvement can be continued when the workers return from their annual holidays next Monday. Cynical observers attribute the improved industrial relations record to the Government threat to starve the company of investment and to the fact that workers were saving for their holidays. Ley-

## Labour pressures build up

"NOW THAT the politicians and TUC leaders have finished debating the high theory of pay restraint, we have been left to sort out the mess. Make no mistake, Birmingham is at the sharp end and we shall find out pretty quickly what the man on the shopfloor considers to be a moderate claim."

This matter of fact response from one of the senior personnel executives in the engineering industry is typical of the way Midlands industrialists have reacted to the reality that two years of fairly rigorous pay restraint will come to an end from next Monday.

But in Birmingham, the home of the traditionally militant car workers, the failure of the Government to reach any significant agreement with the TUC came as no surprise. Alarm signals, indicating the mounting rank and file hostility to nationally imposed restraints on earnings, have been going up fairly regularly from the Midlands for many months.

The inability of the union machinery to contain the growing frustration of sections of the membership was illustrated dramatically in February with the damaging four week strike by Leyland Cars' toolmakers. Differentials was again the issue and "The Good Companions" pub, in a Birmingham suburb, was the venue for most of the meetings where the unofficial strikers planned their campaign.

Early in April trade unionists from all over Britain travelled to Birmingham for the "rank and file TUC." Some 1,700 shop stewards, representing a wide cross section of industry, voted to campaign for an end to the social contract and a return to free collective bargaining.

The driving force behind that conference was the unofficial but powerful British Leyland shop stewards' combine. Under their chairman, the Communist Mr. Derek Robinson, the stewards sought to mobilise factory floor opinion against further wage restraint. The task was not difficult. The Leyland men had found a popular cause. As the round of union conferences got underway in June and July, it appeared only a question of time before the lead given by Birmingham gained national approval.

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Longbridge, as the biggest Leyland plant, traditionally

gives the lead in the annual wage round. Leyland Cars, with a workforce in Birmingham alone of some 45,000, obviously has an important influence upon wage expectations in other industries.

Most of the claims now being lodged in the engineering industry are of the order of 20 per cent, but the form and conditions of the demands clearly varies widely. "Fear and trepidation" was how one personnel manager summed up his approach to wage problems over the next few months.

Such emotions are widely shared by management which knows that it faces an impossible task in trying to deal with all the anomalies and pent up frustrations caused by a prolonged period of Government-induced wage restraint. Restrictions on earnings have been in force for something like four out of the past five years.

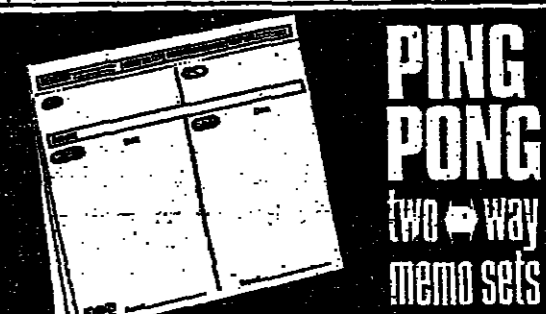
The whole wages structure has become compressed at a time when the trade unions have been demanding minimum earnings and special treatment for the low-paid. During time of low economic growth, the earnings of the those at the bottom of the pay scale can only be improved at the expense of those above.

But the differential issue has also been further complicated by the legislation enforcing equal pay for women. The transition to equality has been exempt from pay restrictions and proved the cause of much resentment.

### Earnings

While the spread of earnings has been reduced by upward pressure from below, it has also been held down at the top by the upper limit for wage increases.

One of the major problem areas which personnel managers identify at the moment is the position of foremen, supervisors, administrators, and senior clerical staff, earning around £3,750 to £5,000 year. These are the people to whom the £5 a week flat rate increase was poor



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هڪڙا من الراصل

# Signs of revival in property

BIRMINGHAM property 100,000 square feet or more which the industrial blocks, which at one time seemed vacant and available to a single major occupier should it want to take over.

But that may imply a non-local company, as part of a major relocation. And as Jones Lang Wootton notes, Birmingham has surprisingly failed to attract a major user from London or elsewhere. "This," the agents say, "seems particularly unfortunate when one considers the city's excellent communications, being at the heart of the motorway system and having a superb inter-city train service to London and other provincial centres."

Add to these advantages its own very extensive airport which serves most of the European continent and it can be seen to qualify as an attractive location for any international concern. The answer to this shunning of Birmingham by other than the indigenous office users probably lies partly in its image as an industrial city. That it certainly remains, and the recent emphasis in Government policy on the inner cities is likely to result in greater efforts made to preserve the present balance of industry and commerce. The City Council is making allocations to industrialists who wish to build or extend industrial premises and some extending of present industrial zones is possible. The fact is that many companies have, in their expansionary phase, moved out of the city by choice or planning necessity and now policy is aimed at maintaining such groups. The virtual dropping of IDC controls is a sign of the new spirit.

Expansion Should such moves be successful, or if a more buoyant economy saw significant expansion among existing Birmingham companies, then despite the large quantities of older, often rather run-down premises available, good quality space may become hard to find. Demand for smaller units has anyway, held up quite well during the past few years, and Grimley and Son, for instance, say that the second-hand market in anything up to 50,000 square feet has recently improved greatly.

Among new space available, Birmingham. At Tri, near the Bryant-Samuel development, £2.25 a square foot. Standard Life is that at this level of Assurance, at Gravelly Park, to 75p either way is near Spaghetti Junction is commanding probably the highest rents at around £1.50 a square foot for smaller units. The major letting here was the purpose-built 224,000 square foot bottling and delivery depot for Allied Breweries. Other large offerings here and at Bryant-Samuel's other Birmingham industrial scheme, Minworth, are 50,000 square feet to the Finance for instance, Flockvale company of contract (a giant 190,000 square foot) in Broad Street) being discussed, with well into its square foot, despite the British Rail building, at around 85p a square foot.

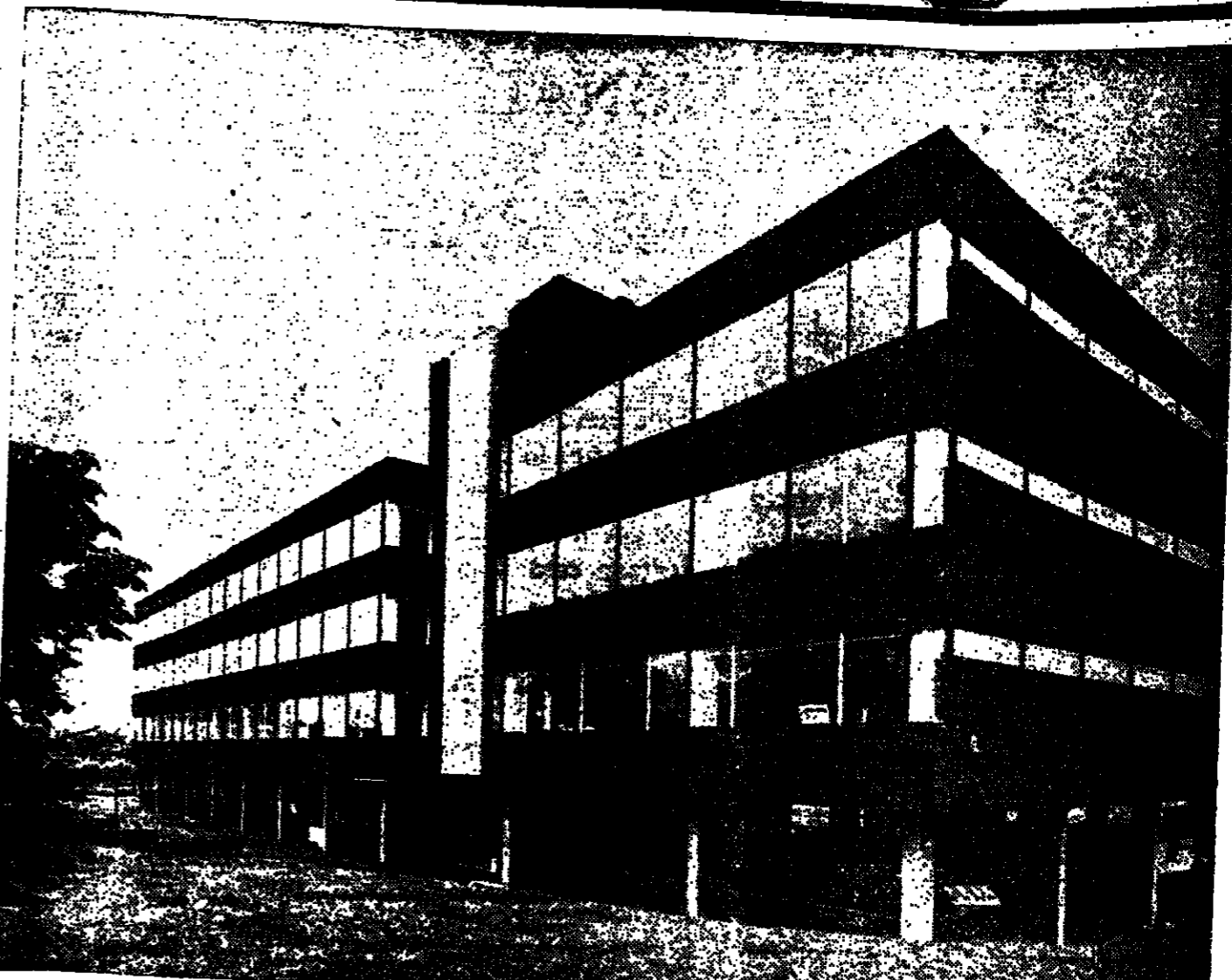
The general trend of industrial demand in the West Midlands, confirmed in the Royal Institution of Chartered Surveyors - Financial Times Property Indicators Poll, has been steadily firmer for the last year. This represents a recovery from a low base, but a higher level of development activity looks likely now that significant amounts of space have been shifted over the last year. Council estimates include a 1.3m. square foot figure for factory and warehouse space being leased or sold since last autumn. The major impact which the risingly few of the state of the car industry makes

that it could quickly raise output and become self-financing. An important test of whether the rank and file trade unionists will, as their leaders have promised, behave responsibly, will come from the extent to which the 12-month gap between wage awards is observed. Already the militants are declaring that the social contract is dead, and there is no obligation upon wage earners to moderate their demands. How much of such chest thumping is mere rhetoric and bluff has yet to be tested. The impression from Birmingham is that many workers do believe they have fundamental grievances and are prepared to register their protest in the form of industrial action. Whether this will amount to a wages explosion remains to be seen. But it would be difficult to find a personnel director to predict with confidence that he has the resources or the formulae to deal with all the pressures he knows to be present within the plant wage structure.

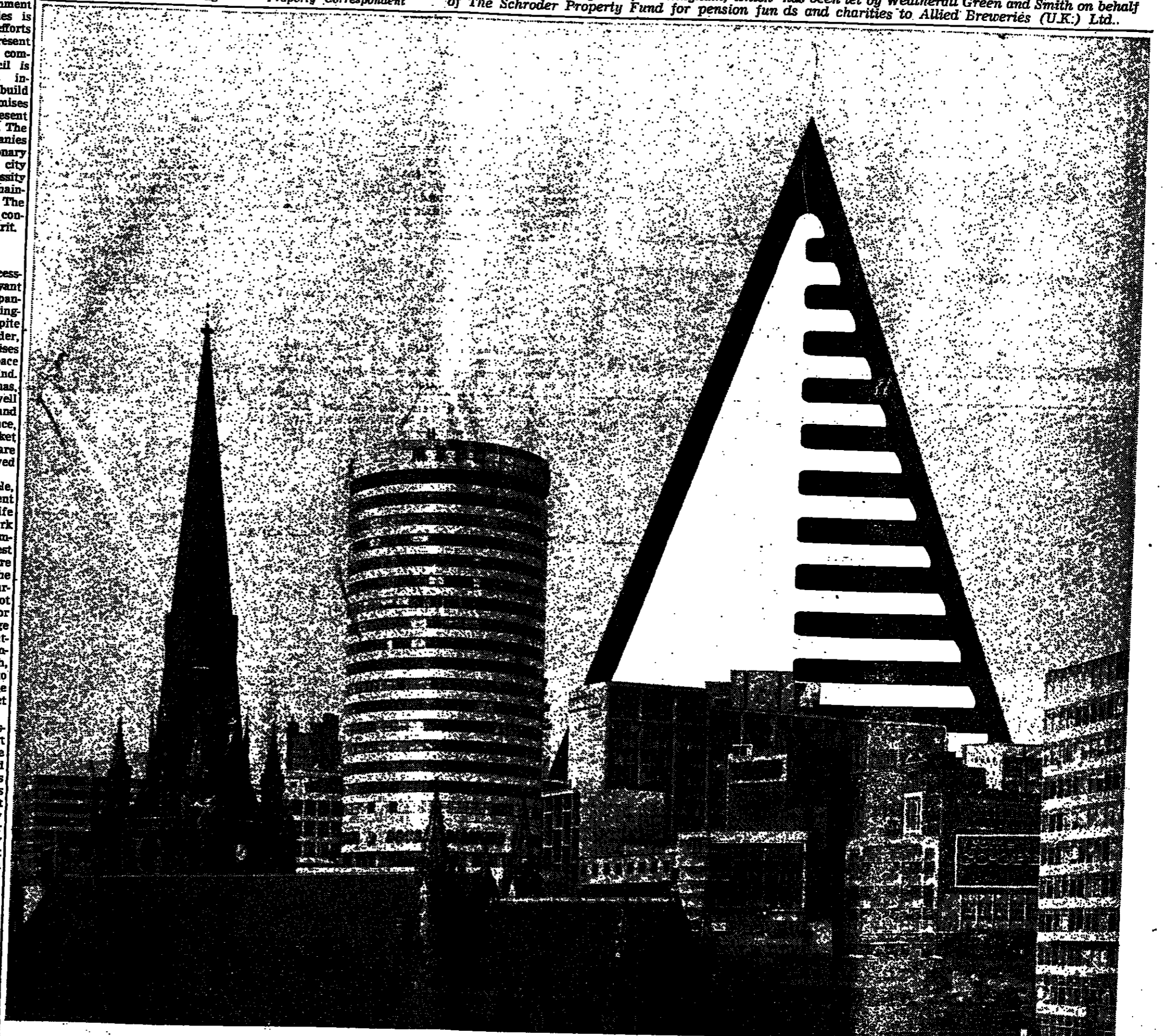
road blocks remaining a problem for longest. Several developers have long passed the stage where even a completely let building would be covering costs until at least one substantial rent review had passed. The overbuilding of city offices is therefore a lesson not likely to be forgotten quickly. Nevertheless it represents in some measure an asset to the city in the encouragement to expand that this cheap accommodation offers. Jones Lang Wootton's conclusions are surprisingly hopeful. It says it views the city "Not through jaundiced eyes from having witnessed a very depressing letting market, but with a considerable degree of optimism fully justified by recent trends. A cursory analysis of the type of accommodation available, its size and location, and above all, quality, will point to the possibility that the choice open to major occupiers could in future be very limited, and in some categories, a shortage of space envisaged."

It is more likely, however, that it will be another two or three years of steady local demand which will use up the overhang of space, with Solihull proving the quickest-letting location and some of the ring

Quentin Guirham  
Property Correspondent



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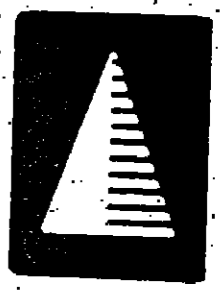
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BIRMINGHAM VI

# The financial community

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BIRMINGHAM MAY not traditionally have been a word to evoke the idea of banking. But in recent years the centre has spawned enough financial names to have acquired the look of a mini-city to some degree at least, a microcosm of its big brother in London.

During the easy money period of the early 1970s, merchant banks and some foreign banks crowded in to tap the opportunities in the busy West Midlands conurbation. They thus gave a new dimension to the more traditional clearing banks, the active Stock Exchange fraternity, insurance companies and other financial institutions long established in the region.

The harsher business atmosphere of the middle of this decade has now led to a certain amount of sorting out within Birmingham's much enlarged financial community.

The great majority of the long-established concerns and the more recent arrivals have solidified or through the recent recession—reinforced by one or two big new names—and are now hopefully scanning the horizon for signs of better times.

But one or two have withdrawn, notably Slater Walker, which has pulled out as part of the general rundown of this banking arm of Slater Walker Securities concern, which was badly battered in the later stages of the secondary banking crisis and whose remaining activities are soon to be re-named Britannia Arrow Holdings.

One of the most newsworthy events in Birmingham's financial story so far this year has been the unexpected decision by G. R. Dawes Holdings to go into voluntary liquidation, with a prospective payout for shareholders sizeable enough to have put the shares up immediately on the announcement of the move.

In the 1960s, Dawes, the former Neville Group, ran a very active issuing house business through its Neville Industrial Securities and was responsible for floating a lengthy procession of smaller Midlands companies on the stock market. This business evaporated with the later collapse of the new issues boom and Dawes next

enlarged, and then scaled down, its holding company side. It was later decided to build up the banking side and a minority share stake was taken in the group by the ill-fated Jessel group. But the secondary banking crisis put paid to hopes of expansion here.

The decision to wind up the business reflects the disillusionment of the chairman, Mr. Howard Dawes—who, with his family, owns nearly half the Dawes shares—with the recent experience of running a public company with a mixed banking and industrial holding content.

"I have no regrets about our decision," he says, "though some serious doubts about the ability of industry to make profits in the future," says Mr. Dawes, who should derive a cash distribution of some £3m. from Dawes' winding up.

After the liquidation, expected to begin in the autumn and to lead to a payout of at least 125p a share—though the market values the shares rather higher—Mr. Dawes plans a new financial venture, though not through a quoted company. "I and my immediate colleagues do expect to remain active and to operate some sort of financial company, but it will be private, not public," he says. And, in an echo of views lately aired by that better known financier, Sir James Goldsmith, he adds: "The advantages of being a small private company are completely outweighed by the restraints and restrictions."

Banking of the most sizeable and traditional kind has long been represented in Birmingham and, of the Big Four clearers, which are all active in the region, the Midland and Lloyds can trace their origins to a start there some two centuries ago. The Bank of England, which monitors the fortunes of industry in the area through its agent, Mr. David Nendick, has been established in Birmingham since 1826. Williams and Glyn's, a smaller clearer, has a regional office and a branch in the city.

Opinion has long been divided among the merchant banks over the desirability of having a presence in Birmingham, some seeing advantage in closeness to a region with numerous small, as well as large, concerns which may need financial advice.

Others feel that the expense of a Birmingham operation is not worthwhile in view of the quick access to London and the concentration of financial expertise there.

One factor which may have deterred much growth on the merchant banking side lately is the effective curb implied on the scope for lending by the merchant banks at times like the clearing banks—usually the first line of approach for prospective borrowers—have had plentiful loanable funds.

Recognition of the advantages there may be in a local merchant banking presence in the long term—particularly to provide corporate finance advice on takeovers, financial arrangements and so forth—is shown by the establishment within the past few years of a branch in Birmingham of Barclays Merchant Bank, owned by Barclays Bank County Bank, the National Westminster Bank's in-house merchant bank, is believed to be considering setting up in the area.

Among merchant banks of the top flight Accepting Houses Committee which have a presence in Birmingham—often to secure a more effective link to their main London operation—are Samuel Montagu, owned by the Midland Bank, Charterhouse Japhet Kleinwort Benson and Brown Shipley. One of the accepting houses with the fullest representation in Birmingham is Hill Samuel, which has a banking hall and conducts a deposit-taking and corporate finance service there.

Singer and Friedlander is a smaller accepting house which has long placed a considerable accent on operations in the Midlands and certain other regional centres. Sir Timothy Harford, a director based in

Birmingham, emphasises both the Midlands' hopefulness of an upturn in the autumn and a much improved liquidity position of companies compared with 2½ years ago, while accepting that the new issues boom—in which Singer was also previously active—will not return.

Industrial and Commercial Finance Corporation, the subsidiary of the bank-backed Finance for Industry which has long invested in and lent to smaller companies, has an office in Birmingham at the centre of the Midlands catchment area. Gresham Trust is, on a lesser scale, also active in Birmingham, where it takes minority stakes in a number of growing small companies. Mr. Ran Meinertzhagen, who runs Gresham's Birmingham office, detects a little more sign of banking activity than lately. "I've got more offers out to support companies than for two years, but it's still very patchy," he remarks.

A unique institution in the Midlands area is the recently renamed Birmingham Municipal Trustee Savings Bank, formerly Birmingham Municipal Bank, which has a large chain of Midlands branches. As well as conducting a business parallel to that of the trustee savings banks generally, it provides loans for house purchase.

The increasing export business of the Midlands region has been recognised in banking developments there, including the establishment in 1972 of a Birmingham branch of Standard Chartered Bank, which widely finances international trade and has a large business in Africa and Asia.

Major foreign banks have also shown increasing interest in Birmingham, where Bank of America and Bankers Trust have been represented for several years. Other U.S. banks with a presence there include Chemical Bank and American Express International Banking Corporation. From France, the large groups Banque Nationale de Paris, and Société Générale are both represented.

Forward Trust, the finance house subsidiary of the Midland Bank, is based in Birmingham and has comfortably weathered the storms which have battered its independent brethren during the secondary banking crisis. Mr. Tom O'Malley, its managing director, sees symptoms of better times, particularly on the industrial side. "Things are picking up," he says. "I don't see any large increase in cost summer borrowing, but on the industrial and commercial side the increase is real and it's being sustained."

A significant event in Birmingham's stock market history took place at the beginning of this year with the merger of two large firms, Smith Keen Barnett and Cutler and Co. form Smith Keen Cutler, biggest single stockbroker firm in the region. Many expect that, despite the revival of stock market business from the low point 2½ years ago, the trend towards amalgamations will in due course be carried further.

Views vary in the Birmingham community about the case for representation in London. Smith Keen Cutler has considerable representation in the City of London, from where its senior partner, Mr. David Rowe Ham, customarily operates, and finds that this structure helps its business. Others, such as Albert E. Sharp, prefer to stay from a Birmingham base only.

Other parts of the financial world are well represented in Birmingham, with two independent insurance groups—Britannic Assurance and Wyley and General Assurance Society, based there, in addition to Midland Assurance, a subsidiary of Eagle Star Insurance. There are also a number of insurance broking concerns with a presence in the City.

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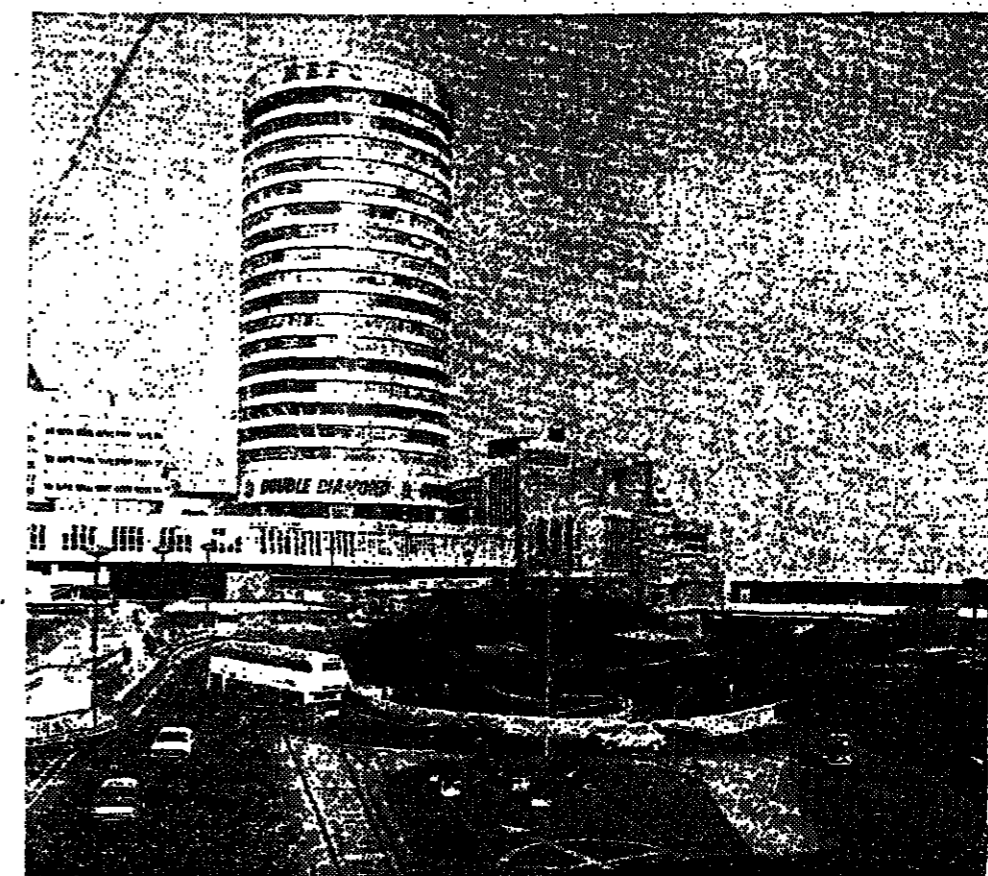
BIRMINGHAM'S VAULTING ambition to become the cornerstone of a great industrial triangle stretching to Frankfurt in Germany and Milan in Italy crucially depends on communications. Geography and the vast complex of exporting industries within the conurbation made it a natural choice as the hub of the motorway system, and much the same reasons made it one of the chief junctions of the canal network in earlier days. The framework of a modern road system for the city was planned between the wars, but not realised until the immediate post-war era, when a start was made on creating a true city centre encircled by inner and outer ring roads. But only when the linking motorway junction at Gravelly Hill, just north of the centre was completed could Birmingham finally divest itself of the more ribald comments about one-way streets and other notorious driving hazards.

It is impossible to over-emphasise the influence these developments have had on revitalising the city and extending its horizons. It is not and may never become a cosmopolitan city, but it is attracting overseas companies to it and encouraging industrialists to forge closer links with Europe to a much greater degree than was ever possible—or envisaged—before.

The opening of the National Exhibition Centre early in 1976 just a few miles to the east gave a new stimulus to growth and strengthened ambitions of becoming a foremost international centre in Europe. Nor, in this context, should the contribution of the National Agricultural Centre at Stoneleigh, near Kenilworth, be overlooked in helping to foster international growth.

### Motorways

While the national motorways programme has been pared, expenditure on completing the network around Birmingham and improving freight links with other industrial and commercial centres and ports is expected to continue at around £30m. annually. Access to the Exhibition Centre from the M1-M6 link is being improved and should be ready by the time the Motor Shows opens in the autumn next year. The southern arm of the orbital round Birmingham, at present represented only by the Solihull section of the M42 to the motorway interchange (with access to



The Rotunda and Bull Ring in the centre of Birmingham.

the NEC) should be extended starting in 1979. This section will start from Lydiate Ash, on the M5 and run through Bromsgrove and link with the Solihull section on the Stratford-on-Avon road.

It is hoped to start the northern part of the M42 from the M6 in 1978, if there is a satisfactory outcome of a compulsory purchase order in respect of the first, Water Orton section. Eventually it is expected the M42 will link into the M1 near Kegworth just south of Nottingham. Completion of this motorway is badly needed to relieve congestion on the roads north-east of Birmingham, but of even more concern to exporters is the building of a high grade road of motorway or near motorway standards to the east coast ports, which in recent years have become major terminals for exports and imports for the Birmingham area. But the route has still to be announced and with many processes still to be gone through it is likely to be the early 1980s before the road to the east coast ports is begun.

By then Birmingham should have improved communications with the important Black

Country hinterland stretching towards Wolverhampton, both in Solihull, which virtually relation to the movement of goods and people. The West Midlands Passenger Transport Executive has already shown a qualified success to the itself to be a flexible and imaginative organisation in try-Sutton Coldfield area of ing to match its obligations to other side of the city. people's needs, and this aspect has become of more importance as the cost of private transport has risen. The integration of road and rail services, with the buses slotting into rail timetables, especially during the rush hours, is proceeding steadily. Schemes have been or are being prepared for Stourbridge, Wombourne (near Wolverhampton), Willenhall and other parts of the Black Country and Dudley. Helped by competitively priced bus-rail travel cards, the number of rail passengers commuting to Birmingham has shown encouraging increases. A recent 17 per cent. rise followed an average 11 per cent. rise in 1976-76, and closer integration of bus and rail should produce further gains, subject always to fare increases not being too much of a deterrent. At a time when most services were being continued

CONTINUED ON NEXT PAGE

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BIRMINGHAM VIII

# New towns start to prove their worth

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THE COMMON FACTOR that shines out as brightly as the Or live in a French designed and star followed by the wise men is built home (though it's a pity that encouragement to one-man they had to cut out the cellars). and small concerns brings faster Or share the delights of first industrial expansion than that class swimming pools, squash achieved by national policies. courts and all weather tracks This is 'what' neighbourhood with which the new schools are towns, which have been offering equipped? The transformation, hospitality to Birmingham on over some lovely, rolling coun- overspill terms, have found and tryside, shows what can be done are justly proud of. Not that by energetic, imaginative team- they have relied on, much less work.

But first it had some sticky problems to resolve. The first development was at the old Royal Enfield works, where 350 lost their jobs in the collapse of the motor cycle company. The office blocks and sweeping away site has been refurbished and backyards has also resulted in split into units totalling nearly 1,500 different trades of some of 0.5m. square feet and now employ 1,000 people. The new its most prolific seed corn by Farm and Moons Moat (a name which it has grown to greatness. dates back to the then

The overspill towns like Tamworth, Lichfield, Droitwich and several others had, of course, to be content with what they could get. They would be lucky if they could attract a really substantial investment in jobs once a decade, so in deciding sensibly to try to attract smaller enterprises it was in a sense Hobson's choice. That may have been in the initial stages. For most of the neighbourhood towns it is now a settled and enthusiastic policy, with the new towns of Redditch and Telford spreading their marketing into Europe. The wisdom of encouraging young shoots has been amply justified. All the peripheral towns seem to be able to quote outstanding instances of industrial growth, doubling and even quintupling the labour force inside two or three years.

### Pitfalls

They have thus not only avoided the pitfalls that have beset Skelsmerdale and other new towns that have been initially successful in enticing big units to them only to find that when they collapsed or contracted they had a major problem on their hands, they have also provided in good measure strong and diversified economies more likely to survive downturns—as indeed they are doing—than bigger firms with slower footwork. It is a lesson Birmingham learnt only tardily, and only after it had been many 'jewels in their industrial drummed in by concerned bodies like the West Midlands Economic Planning Council, them home building has gone which represents all shades of opinion. True, Birmingham's argued that it was being ham-

### Commuting

Neighbourhood towns, mostly within commuting distance of Birmingham, cannot claim as many 'jewels in their industrial crown', but they have not done so badly either. In most of Economic Planning Council, them home building has gone which represents all shades of opinion. True, Birmingham's argued that it was being ham-

A dozen years ago Redditch was still a town based largely on traditional industries of Cummins Engines. The arrangement, which like springs plus some engineering and battery factories. Over the mid-years its population has steadily expanded from 30,000 to 50,000 and the rate of growth is such that it seems assured of reaching the original target of around 75,000 by 1990. Pro-motors to expand it still further proposals to 100,000-150,000 have sensibly been abandoned. From a somewhat drab, prosaic and workaday town Redditch is blossoming into a lively and attractive neighbourhood town by bringing place. Where but at Redditch jobs to them.



Birmingham's transport links have become vital to the city and the surrounding areas. New Street Station (above) and one of the city's new major roads.



Example of what has been happening on a larger scale around Birmingham. On a main route that takes in the recently built Castle Vale housing scheme, and which has attracted a lot of warehousing and similar projects, as well as a hyper-

market. Telford, some 30 miles to the north-west of Birmingham, is the most westerly of the growth points selected for overspill. Based on the expansion of existing places like Dawley (its original name) and Madley, it now also embraces Wellington and Oakengates, which have their roots deep in the country's industrial history. The target population is 225,000 by the early 1990s, and judging by the rate at which Telford itself is attracting new industrial growth this looks comfortably achievable. What makes Telford unique among new towns is the scale of reclamation. More than 3,000 mineshafts scattered over the same number of acres are steadily being turned into delightful countryside to match the rest of the 20,000 or so acres which run down to the Severn. Every month brings fresh news of U.K. and overseas companies setting up on one or other of the four industrial estates, one of the latest being a big bottling plant for Cinzano. At the other end of the spectrum is GKN's aluminium smelter, which is already inducing peripheral growth. All this burgeoning industry, now beginning to add significantly to the country's export effort, badly needs the promised M54 to relieve the heavily congested A5. A start was scheduled for mid-1978, but has been held

back by changes in the choice of route and a compulsory purchase inquiry, on the result of which the Secretary of State is expected soon to make a statement. This should enable the 22-mile link with the M6 to be

## Selected

Telford, some 30 miles to the north-west of Birmingham, is the most westerly of the growth points selected for overspill. Based on the expansion of existing places like Dawley (its original name) and Madley, it now also embraces Wellington and Oakengates, which have their roots deep in the country's industrial history. The target population is 225,000 by the early 1990s, and judging by the rate at which Telford itself is attracting new industrial growth this looks comfortably achievable. What makes Telford unique among new towns is the scale of reclamation. More than 3,000 mineshafts scattered over the same number of acres are steadily being turned into delightful countryside to match the rest of the 20,000 or so acres which run down to the Severn. Every month brings fresh news of U.K. and overseas companies setting up on one or other of the four industrial estates, one of the latest being a big bottling plant for Cinzano. At the other end of the spectrum is GKN's aluminium smelter, which is already inducing peripheral growth. All this burgeoning industry, now beginning to add significantly to the country's export effort, badly needs the promised M54 to relieve the heavily congested A5. A start was scheduled for mid-1978, but has been held

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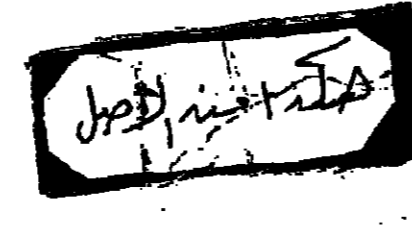
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Droitwich, on the other side of Birmingham, has an entirely different set of problems. Lying just off the M5, and within easy distance of Longbridge (Leyland Cars' biggest plant employing some 24,800 people), it has not found it easy to attract a big enough nucleus of industry to act as a lodestone to other industries. Its role has been more of an overspill town than some others. About half those who live there still find jobs outside the district, and this proportion is going to be very difficult to change, since the M5 leads through the Black Country into the M6, and is on a favourite commuting axis. It has also, some would say, been somewhat disadvantaged by losing status since the famous brine baths ceased to be a responsibility of the health service. Nevertheless, for a town of under 18,000 it can boast one or two major industrial units, and the (first) Berry Hill estate



# COMPANY NEWS + COMMENT

## Davy soars to £18.8m.—sees progress

A LEAP in taxable profits from £10.41m. to £18.78m. is reported by Davy International for the year to March 31, 1977. Sales were up £96.41m. to £297.44m. At half-time, when profit was more than doubled from £3.33m. to £7.5m., the directors said they were confident.

For the current year, with present orders in excess of £1bn., the company is again confident that the progress of the past few years will be maintained, says Sir John Buckley, the chairman.

The merger with Head Wrightson took place in the fourth quarter and, therefore, had little impact on the overall profit contributing only £0.6m. This was in line with expectation at the time of the merger.

Earnings per 25p share are shown to be up from 15.5p to 30.9p and as forecast in November, the total gross dividend is lifted with Treasury consent, to 15p (9.328p) with a final of 10p on capital increased by the acquisition.

Work done, comprising the value of contracts closed and the increase in work in progress for the enlarged group was £226m. (£206m.) and there was an extraordinary exchange rate gain of £2.7m.

After setting off goodwill of some £3m. against reserves, shareholders equity increased from £28m. to £47m. and liquidity improved by £20m. during the year.

The acquisition of Herbert Morris at the beginning of the current year and disposal of the 29.9 per cent. holding in British Rollmakers Corporation, in May, 1977, will further strengthen the company, says Sir John.

The practical work of combining with Head Wrightson is taking place in an amicable and effective manner and it is expected that the benefits sought from the merger will be achieved at a satisfactory rate with the minimum of disruption, he notes.

The reorganisation will involve some initial costs. These together with other provisions, deemed to be necessary, were taken into account in arriving at the value of the net assets of Head Wrightson at the time of the merger.

Turnover	1976-77	1975-76
Work in progress	287.65	281.02
Work done	31.81	162.147
Pre-tax profit	25.86	20.17
Tax	16.72	16.45
Net profit	9.14	3.72
Extraordinary gain	2.67	7.0
Attributable	11.81	10.72
Dividends	1.25	1.76
Retained	5.51	4.94

The chairman says that the directors' initial appraisal of the business and management of Herbert Morris, even after only a few months of association, strongly confirms their earlier favourable view.

As a result of the sale of the interest in British Rollmakers the group now holds 8 per cent. of

### HIGHLIGHTS

Despite problems in the U.S. tobacco market and a less favourable currency background BAC Industries has surpassed expectations with a 15 per cent. pre-tax gain in the first half. National Westminster Bank has produced profits 37 per cent. higher after six months which is in line with Lloyds but below that of Midland, but the group is looking for marginally lower profits in the second half. Lex also takes a look at the annual accounts from British Gas. Interim results from Taylor Woodrow are slightly disappointing with profits some 15 per cent. higher but the U.K. was bolstered by the move into open cast mining. Profits from Davy International more or less exclude recent acquisitions and the growth at the rump is about 75 per cent. Aided by the Northern Ireland builders' merchant side Cawoods has achieved a 39 per cent. pre-tax gain and while profits are nearly £700,000 higher at AAB the group did find it difficult to acquire summer stocks of domestic coal. Thanks to a strong export trend Hingworth Morris has more than quadrupled profits.

Johnson and Firth Brown, with a market value, at July 25, 1977 of £3.45m.

### comment

The profits from Davy International are almost entirely from the group as it was prior to the takeover of Head Wrightson and Herbert Morris. Profits are up 43 per cent. for the "old" Davy on a mere 2.8 per cent. increase in "work done".

Margins in plant contracting are often volatile, depending on such factors as the timing of completed work, but the improvement is nonetheless encouraging and is led by exports.

The wisdom of the take-overs cannot be shown by profits until this time next year. But one of the arguments for mergers was that Davy would increase its stature in world markets. The increase in exports is a clear sign of this.

Iran Poplin, in which the Industrial and Mining Development Bank of Iran has a major shareholding, has assets of about £40m.

### comment

Stripping out Modelux's £14m. turnover and £300,000 profits from Vantona's 1976 interim figures, the sales increase this year was 13 per cent. However, exports rose from £33m. to £38m., leaving the home market up only 7.8 per cent., which suggests a small volume decline. On the other hand pre-interest margins rose a full point to 9.3 per cent.

All divisions performed well and a strong balance-sheet position has been maintained. With the present order position the directors say they are not unduly pessimistic about the full-time results. They report that exports so far have risen by 40 per cent. compared with the same period of last year.

Stated earnings per share, before extraordinary credits of £57,000 (debits £105,000), were up

10p in the shares which at 95p offer a prospective yield of 5 1/2 per cent. on a p/e of 4.5.

## Second half decline at J. E. Sanger

SECOND HALF pre-tax profits almost halved from £900,000 to £468,000 have left meat traders, J. E. Sanger down from £1.52m. to £1.13m. in the year to March 31, 1977, on turnover ahead at £57.15m. against £45.43m.

Stated earnings, per 10p share have fallen from 7.48p to 5.31p and the dividend total is maintained at 4.4p net, with a 2.65p final.

### comment

Mr. J. E. Sanger, the chairman, states that the reasons for the setback stemmed from losses by North American operations totalling £636,000. The U.S. has continued to experience a very difficult meat trading period. The company has made substantial changes in this area and all operations in the U.S. are now trading satisfactorily. It is an important market and the company intends to continue to be represented there, and the directors are confident that the changes made are the right ones.

The chairman continues that elsewhere other operations, without exception, showed substantial and improved contributions.

Turnover 1976-77 1975-76 £57.15 £45.43  
Pre-tax profit 468 900  
Tax 212 153  
Minorities 11 17  
Attributable 245 730  
Dividends 46 46  
Retained 199 857

Considering the fact that all the meat importers to the U.S. have been licking wounds following the great domestic/imported meat price war, J. E. Sanger's performance is not as bad as some people had expected. The £636,000 loss in the U.S. completely explains the 29 per cent. downturn in profits. Now that the U.S. meat market is regaining some stability all should be well on this front.

Sanger has now entered the direct consumer market through its half-share of Socoil which has a small chain of hypermarkets/superstores oriented towards bulk buying. The upside potential for group margins through this venture is certainly strong but so is the downside risk of trying to break into a highly competitive field so different from the meat broking business. The shares are unlikely to move much until Sanger proves it really knows how to tackle retailing. In the meantime the 43p share price provides a p/e of 7.6 and a yield of 18.3 per cent.

### comment

Taylor Woodrow is the first of the big contractors to publish interim profits and as usual it is giving little away in terms of information. Pre-tax profits are 15 per cent. ahead, which given that the market was going for £8m. or so was slightly disappointing and the shares slipped 3p to 32p where they offer a prospective yield of just over 3 per cent.

Turnover actually fell by 7.7 per cent. between the two half years but this reflected the winding down of the heavy workload on the Thistle oil field operation and an order book of nearly £14m. compares with last year's total turnover of £413m. Helped by



Mr. A. Alexander, a shareholder, addressing the extraordinary meeting of the Fahey Company yesterday. Mr. R. W. Holder, chairman of Fahey (left in picture), rejected Mr. Alexander's proposals for an amendment and then for an adjournment of the meeting.

## DIVIDENDS ANNOUNCED

Company	Current payment	Date	Corr. div.	Total	Total
A.A.H.	6.0p		4.75	11.0p	9.11
Arlington Motor	5.0p		5.00	6.5p	6.49
BAF	4.1p	Oct. 1	1.77	2.73	10.73
Best and May	1.93	Sept. 2	2.25*	3.41	2.48
Cawoods	2.54	Oct. 3	0.3	1.3	9.53
Davy International	10p		2.3	6.0	2.3
FMIC	6.0p	Oct. 3	0.5	2.5	2.3
Grindlays	1.0		0.54	1.2	1.2
Hingworth Morris	0.47	Aug. 31	4.7	—	10.26
NatWest	3.17	Aug. 2	0.88	—	3.4
Pentland Investment Int.	0.88	Sept. 1	1.44	—	4.21
F. Pratt	1.63	Sept. 1	1.85	4.4	4.4
J. E. Sanger	2.65	Aug. 19	1.4	—	3.7
Scottish and Merc.	1.0	Sept. 16	3.03	3.03	3.03
Somportex	3.28	Sept. 19	2	—	6.25
Tanjong Tin	1st int. 2	Oct. 1	1.8	—	6.8
Taylor Woodrow	int. 1.98	Oct. 1	1.8	—	4.61
Vantona	4.6	Oct. 1	1.8	—	4.61
Wheeler's Rest	2.95		2.67*	4.39	3.99*

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issues. †On capital increased by rights and/or acquisition issues. ‡Gross throughout. †Excluding special interim of 0.0465p net to maintain maximum permitted following ACT rate change. ‡Making 7.3p to date—final of 3.51p indicated.

## Taylor Woodrow progress

TURNOVER AND civil engineering contractors Taylor Woodrow reports a 15 per cent. increase in taxable profits from £5.72m. to £7.73m. for the first half of 1977, on turnover down to £180m. against £191m.

### comment

An interim dividend per 25p share is announced of 1.98p (1.8p) net absorbing £428,000 (£426,000). Last year's total was 8.5p paid from record profits of £21m.

diversification into open cast coal mining U.K. profits moved ahead despite the slump in construction and housebuilding. The more profitable overseas operations—two thirds of profits and just over a third of turnover—continued to do well and so far very little of the profit on TW's important Port Rashid and Dubai dry dock contracts in the Middle East has been brought into the P and L account. For the 1976-77 a whole profits of £72m. still look on the cards and the prospective dividend cover is more than six times.

### comment

Shareholders in UDS Group were told by Mr. Bernard Lyons, the chairman, at yesterday's annual meeting that there had been an upward trend in sales in recent weeks and an increase in the year to date of some 10 per cent. Given a continuation of current trading conditions in the autumn, there should be an improvement in profits.

He referred last year to the claim of the German associate against the firm for professional accountants in connection with the acquisition of Bieberhaus. He now reported that the Frankfurt court has found in favour of UDS.

## UDS hopeful of profit improvement

### comment

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# ISSUE NEWS AND COMMENT

## Hawtin applying for quote

Hawtin, which was suspended in December 1974, is applying for a quotation of its Ordinary and Preference capital. In the intervening years the company has disposed of its entire banking and financial services division including its long term liabilities and it was released from its guarantee liabilities.

In January 1976 the company started rebuilding its industrial interests by acquiring Planet (Industrial) manufacturers and distributors of protective clothing and safety equipment in South Wales, and in March 1977 it acquired E.D. Hollingworth and Sons' manufacturing of chrome leather gloves in Sheffield and Derbyshire. The company has also extended its distribution side in Eire by the incorporation of Panda Workwear and has recently purchased another safety equipment distributor in Bedfordshire.

The company also distributes products to the DIY trade. For the year to January 31, 1978 the directors have forecast 1978 profits at not less than £700,000 and it is their intention to concentrate mainly on the safety and protective clothing industry where the company is looking for further expansion and acquisition opportunities.

No Preference dividends have been paid since June 30, 1974 but the directors propose to pay a dividend of 10p per share on the basis of the 1977 dividend on December 31, 1977 for the half year to that date to be paid all arrears amounting to 13.65p per share (£74,504 in total) on January 1, 1978. At the moment the company does 110 1/2 per cent. (£10 paid).

## Yearlings at 10%

The coupon rate of this week's one-year profits Authority Bonds has again held steady at 10 per cent. The Bonds are issued at par and are due on August 2, 1978.

The issues are: Coventry City Council (£1m.), London Borough of H Council (£1m.), Cotswold District Council (£1m.), Erwash Borough Council (£1m.), Inverclyde District Council (£1m.), Newport Borough Council (£1m.), City of Portsmouth (£1m.), London Borough of Waltham Forest (£1m.), Woodspire District Council (£1m.), Renfrew District Council (£1m.), Crewe and Northwich Borough Council (£1m.), Restormel Borough Council (£1m.), South Lakeland District Council (£1m.), City of Wakefield Metropolitan District Council (£1m.), Runcorn District Council (£1m.).

### comment

Five year Bonds due £1,988 on a coupon of 8 per cent. have been issued at par. The issues are: Eastington District Council (£1m.), Runcorn District Council (£1m.).

### comment

Deals in the Ordina share market on July 25, 1977, at par, and carrying a coupon of 1 1/2 per cent. have been respectively 31p and 27p.

## Arlington Motor recovery

Turnover of Arlington Motor Holdings increased by more than a third from £22.27m. to £31.22m. for the year to March 31, 1977, and in this quarter. Overall pre-tax profit was up from £342,000 to £551,000, which is but the chairman feels that a modest continuation of trading improvement would provide a very satisfactory result. Stated earnings per 25p are 13.16p (8.96p) and a dividend of 5.17p lifts the sales increase for 6.37p (6.49p).

### comment

The year must be regarded as standing for a company v. performance based on a commercial vehicle market which is down again in unit volume depressed figures of the previous year. During the April/June 1977, there has been an increase in inquiries for trucks as thought demand is growing. Sales of cars are up 43 per cent. and light vans by 128 per cent. Overall, however, results are impossible to compare with the current economic conditions but the chairman feels that a modest continuation of trading improvement would provide a very satisfactory result. Stated earnings per 25p are 13.16p (8.96p) and a dividend of 5.17p lifts the sales increase for 6.37p (6.49p).

## A year of solid achievement

- Net Profit highest yet recorded
- Net asset value per share 109p
- Reserves now stand at £46m

SUMMARY OF RESULTS for year ended March 31, 1977		
	1977	1976
Turnover	£222m	£165m
Group Profit before Taxation	£14.3m	£8.1m
Retained Profit plus Depreciation	£11.8m	£4.6m
Ordinary Shareholders Funds	£59.6m	£50.3m
Earnings per Ordinary Share	21.4p	10.2p
Dividend per Ordinary Share	4.125p	3.75p

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Builders Merchants and retailers.  
Manufacturers in related fields.

# Cawoods

## Record Turnover and Profits

**Group results for the year ended 31st March**

	1977	1976
Turnover	199,397	158,441
Profit before tax	7,011	5,035
Profit after tax	3,379	2,387
Extraordinary items	307	123
Retained profit	2,794	1,767
Earnings per ordinary share	14.01p	10.33p*
Dividends per ordinary share	3.41p	3.06p*
Ordinary dividend cover	4.48	3.45

\*After adjustment for 1 for 1 capitalisation during the year

**Divisional Contributions to Group Profit**

	1977	%	1976
Fuel distribution	3,028	49.0	2,678
Sand and gravel and builders supplies	1,848	30.0	1,213
Road materials and concrete products	465	7.5	556
Refractories	271	4.4	1
Container shipping	211	3.4	79
Packaging	351	5.7	230
	6,174	100.0	4,757

Interest and investment income ... 837

**7,011**      **5,035**

The constraints on major road construction and the severe cut back on maintenance of existing roadways resulted in reduced demand for our quarry and coated stone products. Our concrete products works achieved the anticipated improvement in profits.

Refractories exports, which were assisted by favourable exchange currency rates, accounted for 53% of our sales.

Sales of packaging products, a high percentage of which are tied in with a specialised export market, were at a high level.

Our investment in London & Scottish Marine Oil Company Ltd. is expected to make a valuable contribution to Group earnings in the future and we have increased our equity interest to 11.60%.

With a large cash balance, we are in a good position to make further acquisitions and investments.

We have started this year with increased Group profits in the first quarter.

Dividends: A final dividend of 2.54p is proposed making a total of 3.41p for the year ended 31st March, 1977, being the maximum permitted under the statutory dividend limitations.

The Report and Accounts will be circulated to shareholders on 5th August, 1977 and the Annual General Meeting will be held on 1st September. Copies of the Report and Accounts are available from The Secretary, Cawoods Holdings Ltd., Southlands, Ripon Road, Harrogate HG1 2HT.



# Fairey discloses £0.7m. stock deficiency

A SUBSTANTIAL stock deficiency at the Fairey Company's Belgian operations, costing the company £700,000 was revealed as a previously undisclosed factor behind the disappointing profits performance by Mr. Robert Holder, chairman at the company's extraordinary meeting yesterday.

Mr. Holder also said that it was on the advice of auditors Peat, Marwick, Mitchell, who were concerned about the continued carry forward of learning and setting up costs, having regard to the substantial number of British-Norman aircraft in stock, that the Board decided to write off £3.3m. of these costs.

The well attended Fairey meeting, which was called to approve an increase in borrowing limits to one and a half times capital and reserves, produced none of the lively questioning expected in the light of last week's shock announcement from the company of a drop in pre-tax profits from £4.9m. to £1.3m., following a forecast of improvement made as recently as December, and a passed final dividend.

The meeting passed the resolution to increase the company's borrowing limits to one and a half times capital and reserves, produced none of the lively questioning expected in the light of last week's shock announcement from the company of a drop in pre-tax profits from £4.9m. to £1.3m., following a forecast of improvement made as recently as December, and a passed final dividend.

# Cawood's near £2m. profit rise

ON TURNOVER increased by £1.1m. to £190,000, Cawood's Holdings reports pre-tax profits before £1.4m. to £1.7m. for the year ended March 31, 1977, after £2.45m. against £1.81m. at half-way.

The directors say that the current year has started with increased first quarter profits. On increased capital from a scrip issue, earnings per 25p share are shown as 14.01p against 10.33p. The dividend is stepped up to a maximum permitted 3.42p (3.06p equivalent) with a net of 2.54p.

The directors state that the investment in London Scottish Marine Oil prevented to make a valuable contribution to group earnings in the future and the company has increased its equity interest to 11.6 per cent. With a large cash balance, the company is in a good position to make further acquisitions and investments, they add.

the near future last it seems well worth the risk of making a claim when it occurs. The group still has no short term debt and cash balances had risen by 44 per cent to £5.8m. by the end of last year. The shares at 121p are yielding only 4.1 per cent but this backed up by a cover of 4.5.

# Wheeler's at peak £528,807

AFTER A midway advance from £32,250 to £33,750 Wheeler's Restaurants finished the year to March 31, 1977 with record taxable profits of £528,807 compared with £372,334.

Turnover for the year rose by 10 per cent to £1.5m. The directors state that an encouraging start has been made to the current year and given steady economic conditions the company is set fair for continued growth.

Stated earnings on increased capital from a scrip issue rose 18.49p per 10p share against 13.1p. The dividend is lifted to 4.59p, a maximum allowed compared with an equivalent 3.9939p with a final of 2.93p net.

# Outlook at Morgan Edwards

MR. E. K. EDWARDS, chairman of Morgan Edwards, tells members in his annual statement that problems at Gee Bee Discount Stores have still not been resolved and a major reorganization is currently taking place, which the directors hope, will effect the overdue improvement in this division.

The total sales area is approximately 100,000 square feet and the group is currently under contract for a further 50,000 square feet, most of which should be open during the current year. All but a very few of existing sites are in good trading positions. Financial and managerial controls now appear to be satisfactory and the directors are concentrating their efforts on stores performance which is well below average for this type of store.

As reported on July 22, pre-tax profits for the year to April 2, 1977, were £29,016 (£21,337). In restating the result for 1976 on the basis of new policy, a charge for provision for amounts to be written off debts due from retailers has been made of £59,735. The profit before taxation reported last year has therefore been reduced from £81,272.

After taking into account tax relief the deficit has been increased by £28,673. A further provision of £88,093 after the appropriate tax relief has required a net charge of £42,280 against retained profits at the beginning of the year ended April 3, 1976.

Mr. Edwards says the accounts give no cause for satisfaction or complacency, although substantial changes have been made and will continue to be made until the position is reversed and the results show a satisfactory yield on capital employed.

He explains that the lack of sales growth—turnover totalled

£25.1m. (£23.3m.)—is due mainly to the sale of Universal Cash Carry and the loss of an important contract by the Siddeal Catering Group amounting to approximately £2.3m. The future prospects depend very largely on the speed and success of the changes the directors are making within Gee Bee Discount. If these are successful then a substantial improvement in the company's profits should result. The margin between profit and loss in this type of store is small. The problem consists almost entirely of lack of sales per square foot of store space.

"I sincerely hope that the next time I report the figures will have improved and improved considerably," states Mr. Edwards.

Messrs. Humber has reviewed all freehold and leasehold properties on a reinstatement basis for insurance purposes. At the same time they have advised on a "going concern" basis which figure was somewhat lower and for freehold properties this lower figure is included in the accounts.

Meeting, Shrewsbury, on August 17, at noon.

# Grindlays up to £15.6m. midway

IN THE half year ended June 30, 1977, pre-tax profits of the Grindlays Holdings group show a rise from £11.42m. to £15.6m. The 1976 total was £20.13m.

Earnings per 25p share are shown to be up from 6.3p to 12.1p. The dividend is increased from 0.5p to 1p net—the total for 1976 was 2.5p.

Profits of Grindlays Bank the 51 per cent owned subsidiary, showed a rise from £11.5m. to £15.78m. in the half year. The total for 1976 was £20.45m. After tax and lower minorities of £8.0m. (£8.1m.), the attributable balance emerged at £8.0m. (£8.1m.).

The reduction in minorities is due to changes in the group's interest in certain subsidiaries, including the acquisition of the retained interest in the Hong Kong Bank in Hong Kong.

In a statement relating to Grindlays Bank the group chairman, Mr. N. J. Robson, reports that during the first half of the year the chairman's statement he reports that the product range is now adapted to suit the markets in which the company is fully able to compete.

While immediate prospects look very encouraging, he says that the uncertainty surrounding the phase three of the wages policy gives cause for concern.

The company's return to profitable trading and the current state of its order book gives the chairman every confidence that the company is now much stronger to withstand any sudden economic difficulties.

As reported on July 13, the company's return to profitable trading and the current state of its order book gives the chairman every confidence that the company is now much stronger to withstand any sudden economic difficulties.

# Optimism at Amber Industrial

Mr. J. A. Thomson, chairman of Amber Industrial Holdings, told the annual meeting that current trading was satisfactory and he hoped to be able to report a year of further progress.

Mr. Thomson noted the increase in exports from £280,000 to £300,000 and said it was a creditable effort. However, in the case of industrial aerosols, it was not achieved without penalty. The directors decided to expand into Europe and set up sales organisation in Germany. It was not expected, nor did it happen, that the group could immediately achieve sales of sufficient volume to cover costs involved. Nevertheless, sales have been achieved and, while it is much too early to come to a definite conclusion regarding the success of the investment, I can assure you that progress is being carefully monitored and that the operation is not without promise.

# Scott. Mutual bonus change

The Scottish Mutual Assurance Society has altered its terminal bonuses, with effect from July 1, thereby improving the amount paid on

# Best & May moves ahead to £247,778

After showing a small drop in profits of £247,778 in the second half of the year, Best & May advanced by £45,441 to £154,978 to put the figure for the year to April 30, 1977 ahead from £265,196 to £281,237.

Earnings per 10p share are stated as 5.73p (4.83p), calculated on the shares in issue prior to the acquisition of Kent Electrical Wholesale, which involved the issue of 200,000 shares. The net dividend total is raised to the maximum permitted 2.7232p (2.4775p) with a 1.0512p final.

The company operates as a wholesaler and distributor of electrical equipment and plant.

# Another fall in BUPA membership

THE ANNUAL report of British United Provident Association, the largest medical insurance agency in the U.K., shows that membership fell again in 1976 to 1,917,000, a fall of 100,000 on the 2,017,000 of 1975.

The company makes heavy commercial vehicles and fire appliances.

Meeting, Sandbach, August 17, noon.

# Encouraging prospects for ERF

THE DIRECTORS of ERF Holdings are considering extending manufacturing facilities to meet current demand, Mr. E. P. Foden, chairman, tells members.

As the chairman's statement he reports that the product range is now adapted to suit the markets in which the company is fully able to compete.

While immediate prospects look very encouraging, he says that the uncertainty surrounding the phase three of the wages policy gives cause for concern.

The company's return to profitable trading and the current state of its order book gives the chairman every confidence that the company is now much stronger to withstand any sudden economic difficulties.

**STERLING INDUSTRIES LIMITED**

**RESULTS FOR THE YEAR ENDED 31st MARCH 1977**

	1977	1976
Turnover	£ 4,178,000	3,642,000
Group Trading Profit after taxation	292,000	212,000
Crewkerne Investments Ltd., Proportion of that Company's net profit attributable to the Company	110,000	100,000
Preference Dividends	19,600	19,500
Ordinary Dividends totalling 1.15p per share (1976: 0.70p per share)	230,000	140,000
Earnings per Ordinary Share	1.917p	1.464p

The Annual General Meeting was held on 26th July. The Chairman's statement circulated with the Report and Accounts may be summarised as follows:

- Strengthening in the performance of the Group continues with trading profit, before taxation, rising to £606,175 from £435,214 achieved in previous year.
- Ordinary dividend increased by £90,000 to negative the application of the 'shortfall' provision applicable to 'close companies'.
- Good start to the current year with order books at satisfactory level.

**CHAIRMAN'S ADDITIONAL REMARKS:**

- Continuing policy of product growth particularly where such products have technological content of value.
- Order books continue to have satisfactory content.
- Provided both national and domestic increases in earnings are related to increases in productivity, this year should be one of further progress.

**BRITANNIC ASSURANCE COMPANY LIMITED**

**HALF-YEARLY STATEMENT**

The premium income and new business figures for the half-year ended 30th June, 1977, were as follows (the corresponding figures for the six months to 30th June, 1976 are shown in brackets):

Premium Income	£	£
Ordinary Branch	6,064,000	(5,653,000)
Annual premiums	130,000	(140,000)
Single premiums and annuity consideration	18,558,000	(16,640,000)
General Branch	3,099,000	(2,686,000)

**New Business Figures**

Ordinary Branch	£	£
Renewal premiums per annum	1,129,000	(1,043,000)
Sums Assured	48,345,000	(46,449,000)
Industrial Branch	5,605,000	(4,943,000)
Sums Assured	71,774,000	(63,989,000)

# Mixed outlook at Crosby Spring

Given normal trading conditions the manufacturing businesses of Crosby Spring Interiors are expected to do rather better in the current year, progress is being outweighing any setbacks. In other words, states Mr. E. A. Crosby, chairman.

For real progress to be made the group will have to solve the problems in 1976-77 losses in Stanley Jevons Tool and James V. Carr almost wiped out the very satisfactory profits of the Ross and Alexander companies.

For Jevons in Manchester and Bristol a little better than break-even is now being achieved. An improvement can be seen for this company in Birmingham, but the problem in London are more serious and the chairman says that he is not optimistic about the future of Carr which was purchased only last year and combined with the London branch of Jevons.

This combination has done nothing to stem the losses in London and unless changes recently made (turn the tide, more drastic action may be necessary. The chairman points out, however, that such losses as are now being sustained are minor against the profits of the other divisions.

These problems apart, 1976-77 has been devoted to the development of existing businesses and the year ahead should be similarly successful.

In the year ended March 31, 1977, group pre-tax profit increased from £204,076 to £288,482. Some part of this increase arises from inflation but to the extent that real growth has been achieved the group should be able to maintain a similar level in the future given normal trading conditions.

Meeting, St. Helens, August 25 at 11.30 a.m.

# Dunbee-Combox off to good start

The current year has started well at Dunbee-Combox-Marx with Toy Fair throughout the world reporting increased sales, optimism for the company's products. Toy orders, deliveries and production are well ahead of the corresponding period last year.

Reporting this in his annual statement Lord Westwood, chairman, also says that early results in the DIY and industrial division indicate that growth will continue throughout the year. With this firm foundation another year of sustained progress is foreseen.

As reported on July 22, pre-tax profit for 1976 expanded from £2.31m. to £3.91m.

To bring issued share capital more in line with the funds available in the business, the directors consider it appropriate to capitalise certain of the company's reserves. In order to effect this, a resolution will be proposed at an EGM at which approval of the issue and of the necessary increase in the authorised share capital will be sought.

Meeting 117-123, Great Portland Street, W, on August 16, at 11 a.m.

# McMullen ahead so far

Hertford-based brewers, wine and spirit merchants, McMullen and Sons, increased taxable profit for the half year to April 2, 1977, to £1,720,000 on sales of £5.34m. against £1.87m. of £5.34m. in 1976.

A net interim dividend of 0.675p (0.6125p) per 25p share was paid on July 1, 1977. For 1976/76 the company's ordinary dividend was £1.2m. (1.2m.) preference dividend £1.2m. (1.2m.).

# Wingworth Morris recovery

The significant improvement in pre-tax profit for the year to March 31, 1977, forecast by the directors of Wingworth Morris and Co at midway—when the rise was from £77,000 to £1,437,000—turns out to be from a depressed £9,54m. to £3.77m.

Earnings per 20p share are 2.02p (0.04p) and the dividend total is stepped up from 1.197p to 1.222p with a final payment of 0.47p net. For a number of years, the company has paid three dividends in each year. In respect of the year ending March 31, 1978 and for the future, the directors consider that it will be more logical to declare one interim dividend, payable in January or February, followed by a final dividend, approved at the AGM in the following October. The total distribution will not be affected by this change.

# Subsidiaries Results

**WOLCOMBERS (HOLDINGS) - Final accounts for year ended March 31, 1977.**

1977	1976	
Profit before tax	1,532	1,019
Associates	227	42
Taxation	15,687	11,462
Group	7,447	6,129
Minorities	5,669	5,078
Minorities	2,914	2,844
Attributable	4,132	3,122
Dividend	340	170
Retained	3,792	1,962

**SCARBOROUGH AND SOH - Dividend for year ended March 31, 1977.**

1977	1976	
External turnover	115,253	93,251
Profit	45,397	33,229
Overseas	11,175	8,253
Pre-tax profit	3,789	2,824
Net profit	1,758	1,408
Attributable	1,679	1,318
Ordinary	91	90

**JOHN HENSLY - No dividend for year ended March 31, 1977.**

**JOHN HENSLY - No dividend for year ended March 31, 1977.**

# Hampton ARE

The U.K.-registered gold mining areas, which have been payable had the uranium nickel mining paid by Western Mining, to make steady progress trading interests regarding new acquisitions that it is to make.

In his statement to annual report the chairman, J. R. Ley, hopes that the uranium nickel mining will be the first in the first six months of the year. Since the ending, the end restraint must be nearer.

As already announced, the rate of the uranium nickel mining in Hampton Areas to rise in 1977 dividend from the 1.432p to 1.430p. The shares were yesterday.

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# MINING NEWS RTZ gold find in Canada

INTERESTING GOLD values have been obtained in mine disused drill holes put down by Rio Algom's Canadian exploration arm, Rioconac, at an optioned property approximately 19 miles north-east of Port Arthur in Newfoundland. Two ore zones have been indicated on strike (lateral direction), 1,600 feet apart.

But the mines also state production had been affected by the intro of the 11-shift fortnight white employees. The Rand group mines, for example, suffered a 5 per cent decrease. The white workers are receiving an across the board increase of £25 (£16.70) a week. The modest level of the increase reflects the partial success of the Chamber of Mines opposition to any increase at all. The total cost of the increase to the industry will be £4m. a year, but this is absorbed fairly easily by the firmness. Yesterday it is £145 an ounce.

# COMINCO GIVE MORE TIME FOR BETHLEHEM B

The Canadian metal mining group, Cominco, is giving its 50.18 per cent share in British Columbia's Bethlehem Copper, until July 27.

Cominco's bid attempt checked by the refusal of the U.S. to its 23 per cent share of the decision of Gran Sweden to sell its 28 per cent share to Cominco Chemical Corporation of Canada. Granges disclosed that negotiating with a third party after Cominco's bid was possible. Resources emerged as the Cominco sought a review-transaction by Canada's Investment Review Agency. The possibility that the sale might check the sale of the property by the agency is not reviewable.

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# BOUGAINVILLE BETTER OFF

After the previous quarter production has recovered past three months at Tinto-Zinc group's big, the output of the group's Papua New Guinea, 300 to 341m. tonnes from tonnes in the March quarter, the output of concentrates: 148,523 tonnes against 142,223 tonnes.

The gold grade of the tonnes rose to 33.18 gr. tonnes on the latest output indicating a gold content of £38,000 (25,000). The output of concentrates increased 45,514 tonnes from 37,350 in the previous quarter. As already announced, additional production later in the year should be 1,432p. The shares were yesterday.

# GOLD OUTPUT EDGES UP

South African gold production increased in June for the second month in succession, the statistics from the Chamber of Mines reveal. But a small wage increase has been negotiated by the white miners, thus increasing the pressure on costs.

Output in June was 1,904,314 ounces, or 36.78 ounces more than in May. The June production figure is the highest monthly total this year. But in the first six months of the year, the amount of gold produced at 10,971,611 ounces remained slightly behind the figure of 11,184,894 ounces for the same period in 1976.

Revenue received by the mines in the June quarter was £691.15m. (£682.2m.), compared with £663.74m. in the 1976 second quarter. The increase in revenue arising from increased production and higher-bullion prices has been reflected in the second quarter 'working' profits of the gold mines.

# RESULTS AND ACCOUNTS IN BRIEF

**BURNHOLM BREWERY COMPANY (PROMOTIONS) - Results for year to March 31, 1977.**

1977	1976	
Profit before tax	1,532	1,019
Associates	227	42
Taxation	15,687	11,462
Group	7,447	6,129
Minorities	5,669	5,078
Minorities	2,914	2,844
Attributable	4,132	3,122
Dividend	340	170
Retained	3,792	1,962

**CRESCENT JAPAN INVESTMENT TRUST - Pre-tax revenue for 32 months to April 30, 1977.**

1977	1976	
Revenue	1,532	1,019
Expenses	227	42
Net revenue	1,305	977

**CROWTHER AND NICHOLSON - 1977 ordinary dividend 1.2p.**

**DUALVEST - Value of net assets at March 31, 1977, £1,274,400. Dividend for year ended March 31, 1977, £1,274,400. Dividend for year ended March 31, 1976, £1,274,400.**

**GEORGE MALLINSON AND SONS - No dividend for year ended March 31, 1977.**

**STRACHAN AND STRACHAN - 1977 ordinary dividend 1.2p.**

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RTZ gold in Canada

**Pratt margins pressed**  
 LL increase in pre-tax profit of £4,648,000 for the six months to April 30, 1977. Sales (£27.25m) are 17 per cent higher than the 1976-76 second

Directors describe first half as disappointing because of cost inflation while forces have affected the ability to increase already back by price restrictions. They report that encouraging evidence of improvement in the real of activity in most There is, however, as evidence of increasing within the constructional industry, absence of any unforeseen circumstances that directors improvement in the of interim dividend is 1.4382p to 1.6482p per For the year 1975-76 total was 4.3064p and m. 1977 orders on counted to 28.4m, £5.7m at October 31, is intake continues to be by and the current ok is more than £7.3m, tors add.

**Quidator for Westminster**  
 A quidator was for Advances Economic Engineering and property development company, has purchased a 23.5 per cent stake in Norwest Holst, the building and civil engineering group.

**ON STREET HALMA**  
 Street Investments, a subsidiary of Westminster Bank, is the group's secondary had run into diffi- sold its entire 26.37 stake in Halma Invest- raised £20,000, indicat- price of around 28p, ares rose 3p yesterday

**STAKES**  
 of the 1,245,000 Halms which have been dis- along a number of buye- line with the Cannon rd's policy of realising holdings. Proceeds of £1.5m will be used to pay any indebtedness to Westminster.

**ENTLAND INVESTMENT TRUST LIMITED**  
 x Months to 30th June 1977  
 rectors have declared an Interim Dividend in year to 31st December 1977 of 0.875p net (1976 Ordinary 25p Share which with the imputation tax equivalent to 1.34615 gross (1976 same). The interim paid on the 2nd August 1977.

	1977	1976
ome	5671,993	5386,360
ome after all charges	369,288	318,955
ing taxation charged in arriving at revenue:		
esses Taxation	21,969	18,726
orporation Tax	68,276	63,990
puted tax on Franked Investment Income at 35 per cent.	152,937	130,632
vidends (Net) preference	17,804	17,804
inary	152,622	152,622
Interim Dividend on y Shares	0.87500p	0.87500p
puted Tax at 35 per cent.	0.47115p	0.47115p
ivalent	1.34615p	1.34615p
er Ordinary 25p Share value per Ordinary 25p	2.01p	1.73p
whole of dollar	148.8p	128.5p
	20.0p (41.3%)	20.3p (45.3%)

**NOTES**  
 sset Value has been calculated after allowing Interim Dividend and deducting prior charges at m has been made for tax on Capital Gains in these figures. Taxable capital gains amounting lately £480,000 have been made during the first

**ENTLAND INVESTMENT MANAGERS LIMITED**  
 BYN PLACE, EDINBURGH EH2 4NQ

**BIDS AND DEALS**

**Beaverbrook puts loss at around £1.7m.**

Beaverbrook Newspapers, which is being taken over by the Trafalgar House property and shipping group, made an estimated loss in the year ending June 30, 1977, of not more than £1.7m. The figure, which compares with a loss at the half-way stage of £1.46m, takes no account of the sale of Tollgate House last April, which produced a profit of £1.75m, nor of any possible drop in the value of Beaverbrook property which appears in the Standard Int. Fleet Street from the buildings in Shoe Lane.

**Norwest Holst shares sold**  
 BY MICHAEL CASSELL, BUILDING CORRESPONDENT

Metroland's Developments, a London-based building, civil engineering and property development company, has purchased a 23.5 per cent stake in Norwest Holst, the building and civil engineering group.

**Croda paying £2.5m. for Kimpton Bros.**  
 Croda International, the chemical processing group, has in a £2.5m deal, taken over the private company of Kimpton Bros. which has international marketing interests in honey, waxes and edible gums.

**ENTLAND INVESTMENT TRUST LIMITED**  
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with the trades union representation. The document also reveals that the contract of Mr. Maxwell Aitken, who resigned on Monday from his position as joint managing director, will be terminated on the basis of a settlement of two years salary. Mr. Aitken's salary was increased from £8,200 per annum to £22,200 on his appointment as joint managing director in the reorganisation last April.

**James Warren in merger negotiations**  
 THE TROUBLED history of James Warren is to end in a merger with another company. Mr. Neimes-Crocker, the chairman and managing director, speaking at the AGM yesterday, revealed that merger negotiations are currently under way with a variety of unnamed parties.

**MIRO OFFER FOR PRIEST MARIANS**  
 MIRO Finance Company, wholly owned by Mr. and Mrs. M. J. Priest, has made an offer for the Ordinary and Preference shares of Priest Marrians Holdings not already owned.

**RACAL SHARE DISPOSAL**  
 The sale by Mr. E. T. Harrison, chairman of Racal, of 35,000 shares in the company is worth approximately £130,000 at current market prices - not £1.5m, as indicated in yesterday's issue.

**ASSAM FRONTIER JUMPS AGAIN**  
 The Board of Assam Frontier has received an approach from an unnamed party expressing a wish to open negotiations with a view to making a takeover bid. The announcement follows a 40p jump in the shares on Monday and a further rise of the same amount yesterday, leaving the price at 270p.

**CHESTERFIELD PROPS.**  
 Berfield Trust Company, the nominee holder for one of the family trusts of Mr. H. H. Wingate, the chairman, has sold its holding of 1,448,482 Ordinary shares in Chesterfield Properties. These have been placed with a number of institutional shareholders. The Wingate family remain the principal shareholders of the company.

**ATTWOOD GARAGES LIMITED**  
 The Annual General Meeting of Attwood Garages Limited was held on July 26th at Wolverhampton, Mr. H. R. Attwood (Chairman and Managing Director) presiding. Group profit before taxation for the year ended 31st January, 1977, was £67,028 compared with £59,525 for the previous year. The directors recommend a final dividend of 8375p per share which is the same as last year. Business for the first four months has again produced an increase on the previous year. It is too early to predict results for the year but at least, we have made an encouraging start. The report and accounts were adopted.

**SIR ARTHUR COCKFIELD BOWS OUT AS COMMISSION HEAD**

**Prices chief sees chance of reduction in inflation**

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT  
 SIR ARTHUR COCKFIELD bowed out as chairman of the Price Commission yesterday with a relatively optimistic forecast. The three months to the end of May, he said, represented a turning point. There was now a real opportunity of achieving a substantial and continuing reduction in the rate of inflation.

Profit margins had been reduced correspondingly. But now, he stressed, the effect overall, on both prices and profit margins, was comparatively small. Sir Arthur, who privately has admitted throughout the last three years to being extremely sceptical of industry's claims about the extent of the damage inflicted on profits by the Price Code, could not resist one final dig at the CBI.



Sir Arthur Cockfield, retiring chairman of the Price Commission.

Mr. Neimes-Crocker, the chairman and managing director, speaking at the AGM yesterday, revealed that merger negotiations are currently under way with a variety of unnamed parties.

**Sceptical**  
 Only the profit margin controls—which are now not much of a restraint—will remain of the old rules. Instead of the old system of justifying individual price rises on a basis of increased costs, will come a new framework of investigations.

**CHARRINGTONS SAYS WAIT**  
 Charringtons Industrial Holdings and its advisers, J. Henry Schroder Wage and Company, having considered the proposed offer announced by Laird Group say that they will wait for the issue of the formal offer document on behalf of Laird before giving their views.

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**Big brands cut price of chips**  
 By Christopher Dunn  
 FINDUS, ONE of Britain's biggest frozen food companies, is cutting the price of all sizes of its frozen chips from Saturday. 2-lb. bag of Findus crinkle cut chips will drop by 19p to 61p, and there are similar savings on the 1 lb., 12-oz. and 6-oz. bags.

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March (42 per cent up in value on last year for Britain's biggest companies) had provided the final upward twist in a series of factors—including last August's relaxations to the Price Code—which combined to push up the inflation rate from 13 per cent a year in the autumn to 21 per cent in March.

**Printing ink to cost 7% more soon**  
 BY CHRISTOPHER DUNN  
 THE PRICE of printing ink is to go up again soon, according to the British Printing Ink Manufacturers. An increase of about 7 per cent is thought likely.

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should begin to reflect the lower rate of inflation monitored on the commission's own index since April.

**Predicted**  
 In the same way, if the commission's index continues to fall until December, this should lead to further falls in the retail price index until the spring - possibly to the 10 per cent mark predicted for the commission index.

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**Inflation plea by accountants on revised price code**

BY OUR CONSUMER AFFAIRS CORRESPONDENT  
 MORE ALLOWANCE for the effects of inflation should be made in the revised price code, the Consultative Committee of Accountancy Bodies has told the Government.

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the Committee's view, the depreciation factor should be increased to 1.7 per cent. This is lower than the 2.1 per cent. proposed by the Hundred Group. The Committee also urged the Government to extend the investment relief to cover office buildings.

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US DOLLARS 15,000,000 Five Year Term Loan

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Agent

BANQUE INTERCONTINENTALE ARABE

July 1977

# "We've never had to look beyond the Midland for help. They've been involved in every major move we've made."

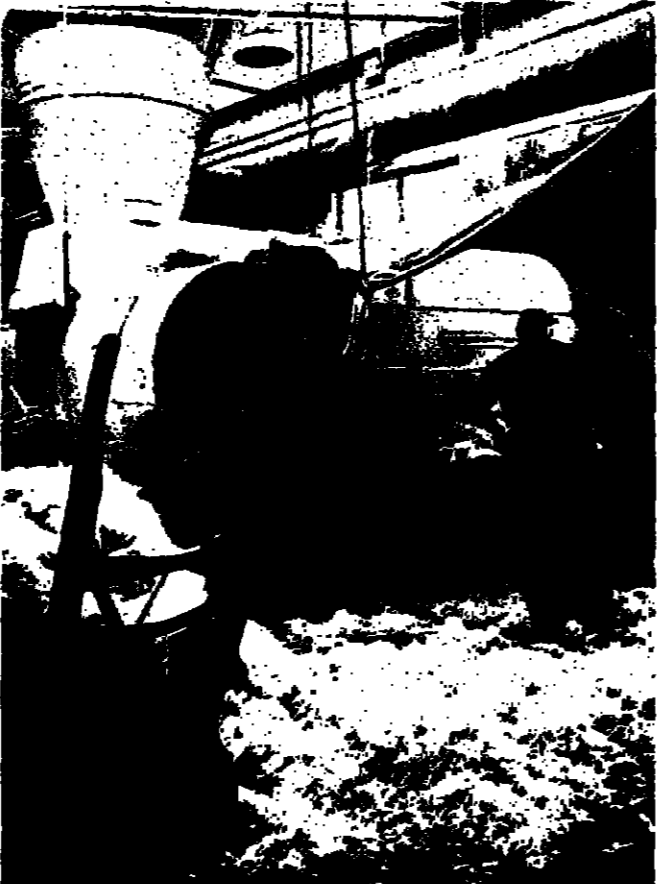
**Peter James, Managing Director, Cooper & Co. (Birmingham) Ltd**  
(a member of the Bury & Masco Group)



Cooper's management team (left-right): production director Ray Roger, managing director Peter James, sales director John Rees.

Cooper's may be described as an unseen power of industry. What they make keeps machines running in more than a score of countries. The basis of the company's operation is the manufacture and fabrication of dozens of different felts for use as shock-absorbers and lubrication reservoirs in washing machines, steel mills, car steering columns, military vehicles and, inevitably, felt-tip pens.

In two factories in Brynmawr, their 200-strong workforce makes sisal, calico and glass fibre polishing buffs - used by manufacturers of bright-work like saucepans, cutlery and motor car trims.



Turning the raw wool...



...via carding



...the steam press

## Midland's involvement

Says Peter James:

"Midland Bank has become increasingly involved with our plans since we decided to buy our first factory here from the Government."

"We always keep the bank completely in the picture. The local Newport manager and the regional director have visited our plant to see exactly what's going on at every stage."

## "Finance we need"

"The Midland knows what we're doing, and so they always understand why we need finance. There's never been any difficulty there - we've never had to look beyond Midland Bank Group for help."

Another member of Cooper's management team, sales director John Rees, takes up the story of their exports growth - the latest development in the company's 100-year-old association with the Midland.

## International progress

"What's really been taking off for us is our markets in Eastern Europe and the Middle East - sometimes in a completely unexpected direction. Consumer standards are rising fast in these countries and so the demand for our products, especially for metal polishing, is increasing rapidly. As a result we sometimes send our specialists to these countries to advise them on their own plant development."

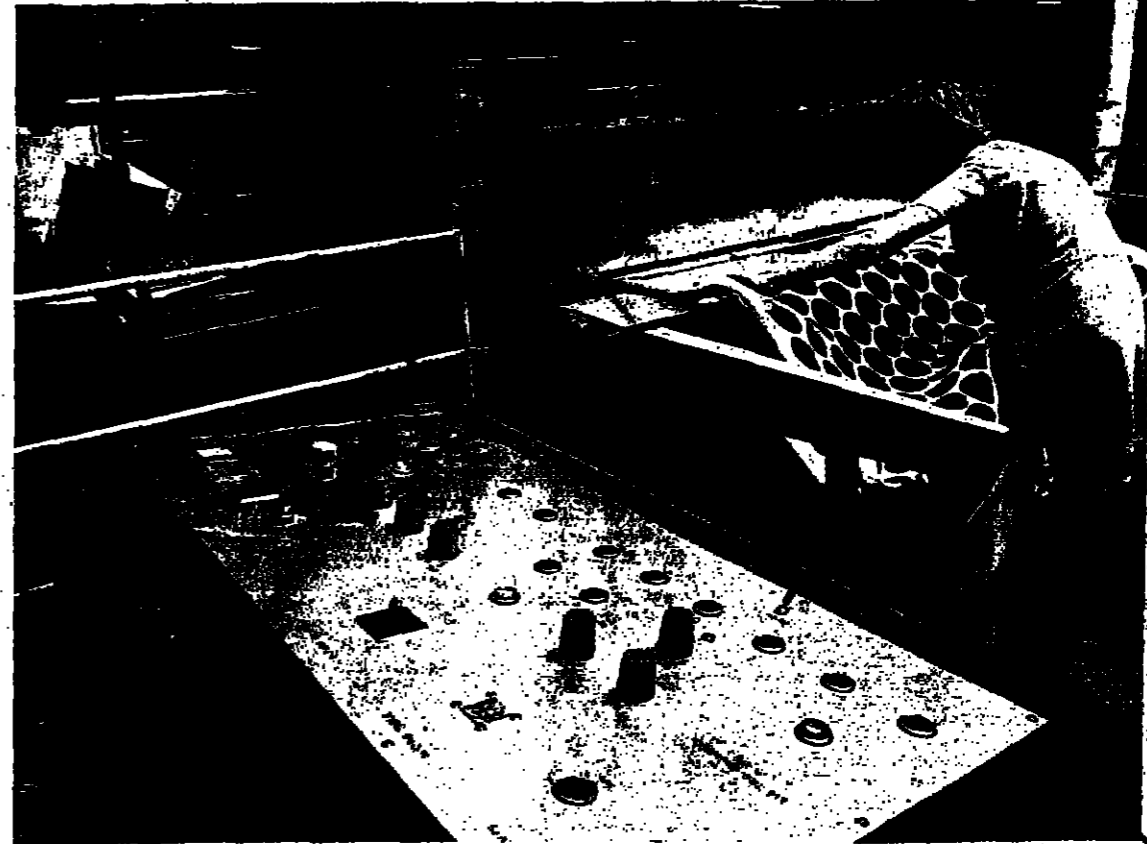
"Contracts already signed or in the pipeline total nearly £2 million"

## "Finance that gap"

John Rees explains: "The Midland helps when we need finance to build up manufacturing capacity to meet these new contracts. There can be as long as two years between signing a contract and receiving payment for the first deliveries. Midland Bank's International Division branch in Cardiff has always



and soaking into solid felt: "the unseen power of industry."



Semi-automated felt-cutting.

been very willing to finance that gap, and to help speed up the actual payments."

## Travel arrangements

"Peter James and I have been making two trips a year to Moscow and our engineers are often out there for up to 3 months at a time."

All travel arrangements are made through the Cardiff branch of Thomas Cook, the world's largest travel company, a member of Midland Bank Group.

"In fact," says John Rees, "Thomas Cook is one of the few names that are really well-known out there, very helpful when you're using Thomas Cook travellers cheques the other side of the Urals!"



Cooper's manufacture polishing buffs for both the home trade and a wide variety of overseas customers.

## How does Midland Bank Group

Whatever your company's size and style, or the kind of banking service you need, you'll find the Midland people friendly and businesslike to deal with. Your Midland manager can also help you with a wide range of services provided by all the powerful companies that make up Midland Bank Group. Services that include facilities for term loans, leasing, hire-purchase, merchant banking, equity capital for growth companies, international insurance broking and advisory services, international and export finance, travel, factoring, investment management and trust services. Also, for very large companies, Midland's Corporate Finance Division has a team of specialists that can work directly with the company to make the best possible use of the wide range of Group services.

Talk to your local Midland manager - he can help you in touch with all the right people.



# Midland Bank Group

Principal trading companies: Midland Bank Limited, Clydesdale Bank Limited, Clydesdale Bank Finance Corporation Limited, Clydesdale Bank Insurance Services Limited, Scottish Computer Services Limited, Northern Bank Limited, Northern Bank Development Corporation Limited, Northern Bank Executor and Trustee Company Limited, Northern Bank Finance Corporation Limited, Northern Bank Trust Corporation Limited, Midland Bank Trust Company Limited, Midland Bank Group Unit Trust Managers Limited, Midland Bank Finance Corporation Limited, Forward Trust Limited, Midland Montagu Leasing Limited, Gaiffin Factors Limited, Midland Bank Trust Corporation (Jersey) Limited, Midland Bank Trust Corporation (Guernsey) Limited, Midland Bank Insurance Services Limited, The Thomas Cook Group Limited, Thomas Cook Limited, Thomas Cook Overseas Limited, Thomas Cook Bankers Limited, Samuel Montagu & Co. Limited (Incorporating Drayton), Drayton Montagu Portfolio Management Limited, Guyerzeller Zumbont Bank A.G., Midland Montagu Industrial Finance Limited, Jersey International Bank of Commerce Limited, Bland Payne Holdings Limited, Bland Payne Limited, Bland Payne Reinsurance Brokers Limited, Bland Payne (UK) Limited, Southern Marine & Aviation Underwriters Inc., Bland Payne Australia Limited, London American Finance Corporation Limited, British Overseas Engineering & Credit Company Limited, Drake (UK) International Limited, Drake America Corporation, Export Credit Corporation.



# Lord Denning's ruling 'contrary to spirit of English law'

BY JOHN LLOYD, INDUSTRIAL STAFF

The House of Lords ruled yesterday that only the Attorney-General could apply to the civil courts for an injunction against a threatened breach in the law.

The ruling defeats the claim of Mr. John Gouriet that he, or any private citizen, is entitled to bring an action against the U.P.W. for an injunction aimed at enforcing the law, even if that action does not have the support of the Attorney-General.

It overrules the Appeal Court decision of January 27 in favour of Mr. Gouriet's right to seek an injunction against the Union of Postal Workers, because of their intended ban on the handling of mail to South Africa.

The decision of the three Appeal Court judges—and especially that of Lord Denning—was widely regarded as being one of great judicial boldness, which set a wholly new precedent and which greatly modified the position and powers of the Attorney-General.

Mr. John Gouriet, the administrative director of the

hold his right to seek an injunction against the ban. The principle previously held is that only the Attorney-General could bring an action on a matter of public interest—was thus breached.

Lord Denning, the most outspoken of the three Appeal Court Judges, said that Mr. Silkin's claim to absolute discretion in cases of public interest was "contrary to the whole spirit of the law of England."

The five law lords who gave final judgment yesterday have decided that it was Lord Denning's ruling which was contrary to that spirit.

Lord Wilberforce began by referring to the confusion which surrounded the issues, because of "improvisations and changes of direction by the Court and the Attorney-General." He briefly summarised the issues as:

"1—Whether, in spite of the refusal of the Attorney-General to consent to the use of his name in a relator proceeding, Mr. Gouriet is entitled to come to the court and ask for an injunction against the Post Office unions from soliciting

form mentioned and that, pending a decision on this claim, the court could grant interim injunctions as sought. However, the court discharged the injunctions as being no longer necessary.

"The plaintiff had not, at this stage, asked for declarations, but the Court of Appeal gave leave for him to amend his claim so as to do so. This he did.

"He also amended his claim against the Attorney-General so as to seek a declaration that notwithstanding his refusal to allow relator proceedings, the plaintiff is entitled to proceed with his claim against the unions for declarations and interim relief.

The unions and the Attorney-General were then treated as having applied to the court to strike out all the plaintiff's claims and such putative applications were dismissed. Leave to appear in this House was then granted.

Lord Wilberforce referred to the statutory provisions in the Post Office Act (1963) and the Telegraph Act (1963) relevant to the provision of Post Office services:

(1) Post Office Act, section 85(1): "If any officer of the Post Office, contrary to his duty . . . willfully detains or delays, or procures or suffers to be detained or delayed, any . . . postal packet in course of transmission by post, he shall be guilty of a misdemeanour and be liable to imprisonment (for a term not exceeding two years) or a fine, or to both . . ."

(2) Ibid, section 88: "If any person solicits or endeavours to procure any other person to commit an offence punishable on indictment under the Act, he shall be guilty of a misdemeanour and be liable to imprisonment for a term not exceeding two years."

(3) Ibid, section 89: "If any person in the employment of the Post Office willfully or negligently omits, or delays to transmit or deliver any message, or by any wilful or negligent act or omission prevents or delays the transmission or delivery of any message, he shall be guilty of every such offence he is liable to a penalty not exceeding £20."

Lord Wilberforce stressed that the sections were fully applicable, but that there was no evidence of any actual breach of section 85 of the Post Office Act or of section 48 of the Telegraph Act.

It was "debatable" whether or not there had been any offence committed under section 85 of the Post Office Act.

In proceeding to the main issue, Lord Wilberforce asked for important preliminary matters to be borne in mind.

"In modern statutes whose object is to protect the health or welfare of the community, public law prohibiting conduct of a particular kind, it is not infrequently the case that the prohibited conduct is made a criminal offence and a civil wrong for which a remedy in private law is available to any individual member of that section of the public who has suffered damage as a result."

"So it creates a private right to be protected from loss or damage caused by the prohibited conduct. . . . For the protection of the private right created by such a statute a court of civil jurisdiction has jurisdiction to grant to the person entitled to the private right, but to none other, an injunction to restrain a threatened breach of it by the defendant."

"The words 'but to none other' are important, for they draw attention to the fact that the jurisdiction of a civil court to grant remedies in private law is confined to the grant of remedies to the person whose private law rights have been infringed, or are threatened with infringement."

"To extend that jurisdiction to the grant of remedies for infringement of rights of the public in private law is to move into the field of public law with which analogies may be deceptive and which different principles apply."

"Where it is the case that Mr. Gouriet had, in general, a right to apply for the relief sought, the ultimate question is whether, even so, he would find himself barred by the special position of trade unions under our law."

"The Trade Union and Labour Relations Act 1974 provides by section 14 that: 'No action in tort shall lie in respect of any act (a) alleged to have been done by or on behalf of a trade union which is not a special register body . . . against the union . . . in its name or against any members or officials of the union . . . on behalf of themselves and all other members of the union . . .'



LORD WILBERFORCE



VISCOUNT DILHORNE



LORD DIPLOCK



LORD EDMUND-DAVIES



LORD FRASER OF TULLYBELTON

First, "there is now no longer a claim that the Attorney-General's refusal of consent to relator proceedings was improper or that it can be reviewed by the Court. All that is in issue now is that the refusal of the Attorney-General to act does not bar him from acting. The Attorney-General and the unions contend that it does."

He also mentioned the wide immunity from suit conferred on trade unions, under the Trade Union and Labour Relations Act 1974, and on the Post Office, under the Post Office Act, in relation to the Post Office. Lord Wilberforce said:

"To say that the plaintiff, as has been said with emphasis, has a right to the services of the Post Office, is a statement, which, if relevant at all in these proceedings, is a statement which can only be accepted if 'right' is given a reduced meaning not extending to a right capable of direct enforcement by a civil court which could have been taken, but was not taken by the Attorney-General in relator proceedings. This involves consideration of the 'relator action' and of the Attorney-General's part in it."

"This case is not based on the commission of offence plus a refusal to prosecute. It is based on a right to take preventive action in a civil court which could have been taken, but was not taken by the Attorney-General in relator proceedings. This involves consideration of the 'relator action' and of the Attorney-General's part in it."

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relator actions. The introduction of the Attorney-General was a matter of practice and procedure, the subject of judicial invention what the courts have invented, the court can change. The Attorney-General has no real part to play in these proceedings: his functions are limited to ensuring that the action is not frivolous or vexatious. It is time to discard these notions, or at least to remodel the action for use in modern times."

My Lords, apart from the fact that to accept this line of argument would mean a departure from a long, uniform and respected series of authorities, extending to the utmost power of judicial innovation, in my opinion it rests on a basic misconception of the Attorney-General's role with regard to the assertion of public rights."

A number of cases are cited in support of Lord Wilberforce's claim that the use of the Attorney-General's name "has never been fictional" for example, Attorney-General v. Lockwood Local Board, LCC v. Attorney-General, 1902.

He also cites cases which have been cited against the Attorney-General of the Duchy of York and others, 1680, Attorney-General v. Sheffield Gas Consumers, 1853, and London Association of Shipowners and Brokers v. London and India Docks Joint Committee, 1892. But he interprets them either as showing the Attorney-General as being in charge of the suit, or as being inapplicable to the matter on hand.

"Announcing on the overseas cases invoked by Lord Denning during the Appeal Court stage, Thorburn v. The Attorney-General of Canada, 1974, and Flast v. Cohen, 1968, 392 U.S. 83, Lord Wilberforce says "these are unimpressive support."

"That it is the exclusive right of the Attorney-General to represent the public interest—even where individuals might be interested in a larger view of the matter—is not technical, not procedural, not fictional. It is constitutional. . . . On the specific case of relator action with which his judgment

is concerned, Lord Wilberforce says that the right of the Attorney-General to invoke the assistance of the civil courts in aid of the criminal law is exceptional and of comparatively modern use. "It is one not without its difficulties and these may call for consideration in future."

Further, to apply to the Court for an injunction against the threat of a criminal offence, may involve a decision of policy with which conflicting considerations may enter. Will the law best be served by preventive action? Will the grant of an injunction exacerbate the situation? (very relevant this in industrial disputes).

"Is the injunction likely to be effective or may it be futile? Will it be better to make it clear that the law will be enforced by prosecution and to appeal to the law abiding instinct, negotiations, and moderate leadership, rather than provoke people along the road to martyrdom?"

All these matters—to which Devlin J. justly drew attention in Attorney-General v. Bastow [1957] 1 Q.B. 515, 519, and the exceptional nature of this civil remedy, point the matter as one essentially for the Attorney-General's preliminary discretion. "Every known case, so far, has been so dealt with: in no case hitherto has it ever been suggested that an individual can act, though relator actions for public nuisance, which may also involve a criminal offence, have been known for 300 years."

"There are two arguments put forward for permitting individual citizens to take this action. The first points to the private prosecution. All citizens have sufficient interest in the enforcement of the law to entitle them to take this step. Why then should this same interest not be sufficient to support preventive action by way of injunction—substantive, it may be, to ultimate control by the Attorney-General? At one time, I was attracted by this argument. But I have reached the conclusion that I cannot accept it."

The Attorney-General's right to prosecute, in the civil courts, anticipatory prevention of a breach of the law, is a part or aspect of his general power to enforce, in

the public interest, public rights. The distinction between public rights, which the Attorney-General can and the individual (absent special interest) cannot seek to enforce, and private rights, is fundamental in our law. To break it, as the plaintiff's counsel frankly invited us to do, is not development of the law, but a destruction of one of its pillars. Nor, in my opinion, at least in this particular field, would removal of the distinction be desirable."

More than in any other field of public rights, the decision to be taken before embarking on a claim for injunctive relief, involving as it does the interests of the public over a broad horizon, is a decision which the Attorney-General alone is suited to make (see Attorney-General v. Bastow).

"This brings me to the second argument. Surely, it is said, since the whole matter is discretionary it can be left to the Court. The Court can prevent vexatious, frivolous, or multiple actions: the Court is not obliged to grant an injunction: leave it in the Court's hands, I cannot accept this either."

The decisions to be made as to the public interest are not such as courts are fitted or equipped to make. The very fact that, as the present case shows, decisions are of

the type to attract political criticism and controversy, shows that they are outside the range of discretionary problems which the courts can resolve.

Judges are equipped to find legal principles and administer well-known principles, discretionary remedies. These matters are widely outside those areas."

In conclusion, Lord Wilberforce mentioned other arguments for the plaintiff's case which required consideration.

"It was argued that the right to apply for prerogative writs requires a similarly liberal right to bring a relator action. . . . But the analogy is imperfect. . . . to allow unrestricted access of individuals—to any judge of the High Court—seeking enforcement of a public right would be to depart from analogy not to apply it."

"Even if the analogy between private injunctions and private prosecutions had been closer than it is, I would have been reluctant to accept the argument for the plaintiff."

"The use of injunctions to prohibit conduct, solely because it is criminal, is quite a recent development and it is one which is not without its dangers."

"The effect of an injunction issued in such circumstances is to add a discretionary penalty for contempt of court to the criminal penalty, which in the case of a statutory offence will have been fixed by Parliament. . . . Further, breach of an injunction will be dealt with in the

civil court by the judge alone, whereas in the criminal court the accused may be entitled to be tried by a jury."

"In a case that attracts publicity, punishment for breach of interdiction might prejudice a subsequent jury trial."

"Conversely, if an injunction were to be refused because the civil court considered that the threatened conduct would not be a criminal offence, a subsequent prosecution for the same conduct might be inhibited although it would have been justified on its merits."

"The same are thus powerful reasons of a procedural nature for keeping injunctions against criminal conduct as such within narrow limits."

(2) Lord Denning had expressed the view that "if the Attorney-General refuses leave in a proper case or improperly or unreasonably delays in giving leave, or his machinery works too slowly."

Lord Wilberforce comments: "There is no authority for this proposition and in my opinion it is contrary to principle. In any event none of the stated hypotheses apply in the present case."

"The majority of the Court of Appeal sought, in effect, to outflank the refusal of the Attorney-General to relate proceedings by allowing declaratory relief to be claimed and by permitting this to be used as a basis for granting an interim injunction."

"This produced the remarkable result that the plaintiff was more successful at the interim stage than he could possibly be at the final stage—for it was accepted that no final injunction could be claimed."

"In my opinion the law is clear, and rightly so, that only the Attorney-General either in office or ex officio can apply to the civil courts for injunctive relief against threatened breaches of the law. The present proceedings are misconceived and should have been struck out."

"The present proceedings . . . should have been struck out."

"The case of the Pest Office Engineering Union, where an interim injunction was granted against it without notice being given, is one which was the subject of a complaint before the House of Lords by the Union's counsel. Lord Wilberforce says: 'I must say I think it was justified.'"

Lord Wilberforce's judgement is: "I would allow the appeal of the Attorney-General and of the two union defendants. I would dismiss the appeal of the plaintiff. The plaintiff should pay the costs of the union defendants in this House. The costs below were ordered to be costs in the cause, and consequent on the plaintiff's claims being struck out will fall to be paid by the plaintiff."

The four other Law Lords agreed with this judgement.

## 'It was debatable whether or not there had been any offence committed. . . .'

National Association for Freedom, learned on January 13 that the UPW had decided to call on its members to black all mail for South Africa. On January 14, Mr. Gouriet applied to the Attorney-General for consent to an action for an injunction against the UPW's intended ban.

Mr. Sam Silkin, the Attorney-General, refused his consent. Mr. Gouriet then issued a writ against the UPW in his own name: at a hearing, his application for an injunction was refused. Mr. Gouriet then took his case to the Court of Appeal.

The Court of Appeal granted Mr. Gouriet an interim injunction against the UPW: it also granted an injunction against the Post Office Engineering Union (which had reportedly threatened its members not to circulate to South Africa in an emergency case).

Inside this, the Court allowed him to claim against the Attorney-General that in refusing his consent to the action, he had wrongly exercised his discretion. The Appeal Court decision was not an unqualified victory for Mr. Gouriet, but it did up

interference with the mail to or with communications with the Republic of South Africa; and/or for a declaration that it would be unlawful for the unions to take such action.

"2—Whether Mr. Gouriet's claim against the Post Office unions to such injunctions or declarations is maintainable or ought to be struck out."

The present proceedings are intended to ensure that Mr. Gouriet should be allowed to go on with his action unless it is manifestly ill-founded in law."

Lord Wilberforce paraphrased the judgment of the Appeal Court and said:

"By a majority, Lord Denning and I held that the court had no power to review the decision of the Attorney-General in refusing consent to relator proceedings. Lord Denning held that the court had this power to review at least indirectly."

"By a majority, I held that, consent having been refused to bring relator proceedings, the plaintiff was not entitled to a permanent injunction in the terms previously mentioned. Lord Denning dissented."

"All three members of the court held that the plaintiff could claim declarations in the

number of applications for the Attorney-General's consent has increased, and while a good percentage of them are refused, the number of such actions has also increased.

"If indeed the only purpose of relator proceedings is to give the Attorney-General's consent to give him the opportunity of saying in advance of the courts that an action was frivolous, vexatious, or oppressive, this function of his would serve a useful purpose."

"Again, in my opinion this authority was cited must be rejected. The Attorney-General did not in my opinion act improperly as suggested on behalf of Mr. Gouriet."

"In modern statutes whose object is to protect the health or welfare of the community, public law prohibiting conduct of a particular kind, it is not infrequently the case that the prohibited conduct is made a criminal offence and a civil wrong for which a remedy in private law is available to any individual member of that section of the public who has suffered damage as a result."

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# MPs call for more help for reservists

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

MAIN reserve forces would profit considerably from proved cash houses, better equipment, and more expressions of support by high-level members of the Government, including the Prime Minister.

These are among a long list of recommendations for the overall improvement of the size and efficiency of the reserve forces, by the Defence and Internal Affairs Sub-Committee of the House of Commons' External Affairs Committee in a report on reserves and reinforcements, tabled yesterday.

The sub-committee says that the U.K.'s regular forces, compared to NATO's, are consistently short of reinforcements on an annual basis, and that no plans exist, and none is envisaged, to bring in reinforcements after an undisclosed number of days of fighting.

The policy as outlined by the sub-committee also does not include any plan for general nationwide mobilisation and conscription, even in time of war, so

that, after a period of fighting during which existing available reserves would have been used up, there would be no facilities for bringing more men up to battle readiness.

"Reserves are a matter of national policy, and the UK concept outlined above is not shared by all members of the Alliance," it says.

"We believe that if other NATO countries were to follow UK policy in this respect there would be a danger of an unbalanced number of days of conflict, and with no resolution of the political negotiations, that NATO would be left with an unbalanced flexibility of response and might be thrown back on the nuclear option."

"We have set out the position as we see it in stark terms, since we believe it illustrates the inability of UK policy in relation to the possible duration of a conflict, and the capability of making a transfer from a short to a longer war."

Financially, under all aspects of the reserve forces, the sub-

committee questions the desirability of reliance now placed on civilian transport to move reinforcements up, there would be no facilities for bringing more men up to battle readiness.

"In this connection, we have drawn attention to the apparent discrepancies and deficiencies in the military Transport Department's figures."

"We were left in absolutely no doubt by all the officers, British and Norwegian, to whom we spoke, that unless reinforcements were provided during the war-time period of national emergency, they would probably not get there at all."

The sub-committee also expressed concern over equipment in the Westland Wessex helicopter in Norwegian weather conditions, and urged that reinforcements be made to the manufacturer to get these conditions essentially since the Wessex still has several years of operational life.

The sub-committee was also concerned to draw that the Gazelle helicopter, which is an up-to-date anti-tank weapon, even though the important role could be one of the tasks which it can be used to carry out, is not being carried out by the British Army.

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# INTERNATIONAL FINANCIAL AND COMPANY NEWS

## AMERICAN NEWS

### B-1 income was 6% of Rockwell Westinghouse documents

PITTSBURGH, July 26.

ROCKWELL INTERNATIONAL Corporation said the B-1 bomber programme, including production efforts, contributed about 6 per cent of the company's earnings in the first nine months of June 30, when net earnings were \$102.5m, against \$86.2m in the same period last year. Reuter reports from Pittsburgh.

The company said it made provisions for non-recoverable costs associated with the cancellation of the B-1 production programme in the third quarter, but the amount of the provisions was not immediately available.

Rockwell reported nine months (to June 30) net earnings a share of \$2.97, on revenues of \$4.2bn, compared with \$2.52, on \$3.8bn.

The company said its third quarter profits were adversely affected by lower earnings in aerospace operations, due principally to inventory revaluations and increased development costs in the business jet-aircraft division as well as the B-1 provisions.

The aerospace operations also were affected by lower profit margins in the space shuttle programme.

It also said it had once only losses in the quarter from its decision to discontinue marketing electronic calculators worldwide.

Other adverse factors in the quarter included an increase in effective tax rate due to higher taxes related to foreign operations and increased interest costs attributable to short-term foreign borrowings.

The company's backlog at June 30, including unfunded aerospace orders, was \$4.38bn, versus \$4.09bn.

Third quarter net earnings were \$37.0m, or \$1.07 a share, against \$31.3m, or 92c a share. Revenues were \$1.47bn, against \$1.3bn.

### Gulf Oil ordered to release Westinghouse documents

NEW YORK, July 26.

GULF OIL has been ordered to hand over to Westinghouse Electric sensitive documents dealing with the company's alleged involvement in an international uranium cartel.

A Federal Judge in Pittsburgh has overruled a claim by the company that the documents are confidential on the grounds of attorney-client privilege and ordered the transfer to be made by the end of the week.

Judge Daniel J. Snyder said that there is strong evidence that an upsurge in U.S. uranium prices was in part the result of coordinated action by uranium producers.

Westinghouse has alleged that Gulf and 28 other producers conspired to drive up prices. The company was forced to invoke the uniform commercial code and back out of contracts to deliver uranium which could have involved the company in losses of up to \$2.5bn.

Separately Gulf Oil reported yesterday that its second quarter net income rose to \$216m, or \$1.11 a share, from \$225m, or \$1.06 a share.

For the first six months of 1977 however net income fell 6 per cent from \$406m to \$382m (\$1.96 a share).

The decline was primarily a reflection of a depressed trading environment overseas, where net

income fell by 39 per cent to \$66m. This was offset in part by a 52 per cent rise in the company's U.S. domestic profit to \$150m.

Increased production and higher prices for Gulf's natural gas operations accounted for a substantial part of the improvement in the U.S., the company said.

Overseas, the company cited a number of factors as accounting for the decline, including the inability in Europe to recover higher Organisation of Petroleum Exporting Countries prices by raising its own market prices.

The company also said that world wide chemical earnings were depressed.

### German aerospace talks

By Jonathan Carr  
BONN, July 26.

THE FUTURE shape of the West German aerospace industry—and in particular the possibility of some form of merger between its two leading companies—will be under discussion here on Thursday.

Taking part in the talks will be Dr. Ludwig Boelkow, board chairman of Messerschmitt, Boelkow Blohm (MBB), and Herr Martin Cruener, co-ordinator at the economics ministry for the country's aerospace industry. At issue is how the civil and military activities of the industry might be re-grouped and what part a merger between MBB and the German-Dutch company, VFW-Fokker, can play in bringing this about.

The Bonn government would like to see a more rational organisation of the industry. And it is understood that the Dutch government is not against the start of talks on a VFW-Fokker-MBB merger.

But there are problems. A merger would have to mean a cut in current overcapacity in the industry, especially in the civil aircraft construction sector in the north. Substantial public funds would be needed—when and just how much remains to be seen.

Then the current shareholding position in MBB make a quick solution more difficult. Both the City-State of Hamburg and the state of Bavaria have blocking minorities of more than 20 per cent of MBB's share capital.

Hamburg took its stake last year. Bavaria increased its existing holding to more than 20 per cent this month. It had been at first thought that both would quickly pass on part of their stakes to industrial or business concern, with the Robert Bosch Electricals group and the Allianz Insurance Company among the most likely buyers.

### Private sector takes the lead in Italian study

ROME, Jul

AGAINST a background of growing turmoil in Italy's nationalised industries, the Italian state medium term credit agency, Mediobanca, is to publish shortly a study showing that the private sector has done considerably better than the State sector in spite of the country's economic difficulties.

Comparing the performance of 178 State-controlled companies with 617 private concerns, the report shows that between 1968 and 1976 public companies as a whole have lost a total of L3,975bn. (€2.7bn.) compared with private companies of L1,662bn. (€1.1bn.) during the same period.

At the same time, the indebtedness of public companies has more than quadrupled over the last eight years.

The report points out that the financial and banking system has granted practically twice as much credit, and often more favourable terms, to public concerns compared with private ones although these are far more labour intensive. With gross investments totalling about L21,000bn, private companies employed more than 10 million people, while nationalised companies, with gross investments of L24,000bn, employed only half that number.

These figures come at a time when Italy's major State controlled groups, torn by internal dissension and mounting financial difficulties, are facing their worst time since the war.

The latest to be hit is the national energy company, ENI, now at the centre of a political row following a top management revolt and the subsequent resignation of a number of management figures. A similar row over these traditionally strategic economic and political sectors.

The financial aspects of the crisis have been highlighted this week by the threatened liquidation of Italy's largest State-controlled confectionery concern, Motta and Alemagna (reported within the State holding company, IRI, the country's largest

single employer, has surfaced reported L112.2bn losses the first five months of the year of the ENI chemical sub ANIC.

The banks have expressed concern over the report which the State sector could have on the banking as a whole.

In an interview published here to-day, Prime Minister Giulio Andreotti, called an official visit to Was admitted that it was necessary to find clearer formulae for the appointment of candid posts in the State sector.

The Prime Minister said: "Things cannot go on like this. They will change, and I dictate will have to be decided by Parliament."

"State industry," he said, "should enjoy the same of action as the private while State managers are free to act autonomously. They make wrong decisions ever or appoint unsuitable candidates, they answer for it to the Gov and Parliament."

### Rise at Texas Instruments

TEXAS Instruments' returns in the second quarter to \$27.5m, or \$1.21 a share, up from \$22.5m, or 98c a share, from the same period of 1976.

At the same time, the company has a record backlog of \$500m, up from \$372m at the end of the first quarter, above the level 10 last year.

Sales in the second week were \$493.3m, compared with \$392.2m, a year earlier. For the half-year, net was \$54.1m, or \$2.41, against \$43.8m, or \$1.94, in the same period of 1976.

### Cons. Edison in with record

NEW YORK, July 26.

Revenues climbed more modestly to \$882m, from \$875m. This sharp quarterly gain left the utility company's six month returns well ahead with net profit at \$156m, compared with \$137m in 1976. Earnings per share climbed to \$2.18 from \$1.87 while revenues, again much more modestly, rose to \$2.95bn, from \$2.76bn.



Although the impact will not show up until later this year, Con. Ed. was at pains in its statement to detail the adverse impact of the blackout. It will suffer unmeasurable revenue losses, a spokesman said, as well as higher costs for repairs, service restoration and workers' overtime. All this could total over \$10m.

In addition Con. Ed. has had to pay and later recover from insurance companies, about \$10m, to replace equipment damaged by the storm and lightning strikes which caused the power shutdown. Although emphasizing that the company is not legally liable for arson and looting damage suffered during the blackout, the company said that numerous claims have already been filed and more are expected.

The investigations into the disaster will come up with one of three findings. First, that the blackout was indeed as the company claims, "an Act of God," and no one is to blame. Second, that the company was in some way negligent and thus liable to be sued for damages. Third, that although not negligent the company failed to provide and plan for emergencies and thus must beef up its power supplies at immense cost, its monopoly status as sole power supplier could also be changed.

Company	1977	1976	Company	1977	1976	Company	1977	1976	Company	1977	1976	Company	1977	1976
ATLANTIC RICHFIELD CO.	Revenue 3,235bn	2,115bn	RAISER STEEL	Revenue 191.9m	208.7m	REICHOLD CHEMICAL	Revenue 175.7m	151.1m	COMBUSTION ENGINEERING	Revenue 507.4m	481.6m	NATIONAL STEEL	Revenue 896.5m	754.8m
PHILLIPS PETROLEUM	Revenue 5,631bn	4,210bn	GAF CORPORATION	Revenue 1,280.8m	1,233.3m	ZENITH RADIO CORP.	Revenue 483.1m	450.0m	STERLING DRUG	Revenue 559.7m	526.2m	BORG-WARNER CORP.	Revenue 967.3m	924.3m
SHELL OIL CO.	Revenue 2,55bn	2,370bn	PENNZOIL COMPANY	Revenue 286.1m	270.8m	BIC PEN COMPANY	Revenue 40.3m	34.4m	UNION PACIFIC CORP.	Revenue 604.8m	497.0m	AMERICAN CYANAMID	Revenue 500.7m	502.2m
MARATHON OIL	Revenue 1.1bn	0.89bn	BORDEN	Revenue 915.1m	899.3m	ARMSTRONG CORK	Revenue 260.1m	256.4m	REVILON	Revenue 294m	222.6m	GEILLETTE CO.	Revenue 376.9m	357.5m
	Profits 191.22m	135.98m		Profits 1.08	1.23		Profits 15.53m	16.84m		Profits 25.3m	21.2m		Profits 19.8m	20.9m
	Per Share 1.57	1.19		Per Share 1.22	1.01		Per Share 0.64	0.64		Per Share 0.83	0.70		Per Share 0.60	0.70
	Profits 336.47m	269.37m		Profits 1.74bn	1.73bn		Profits 682.5m	608.2m		Profits 505.5m	420.5m		Profits 784.2m	718.5m
	Per Share 2.77	2.37		Profits 1.81	1.86		Profits 50.39m	50.39m		Profits 46.7m	38.6m		Profits 43.2m	44.8m
	Profits 191.22m	135.98m		Profits 1.97	1.72		Profits 1.79	1.79		Profits 1.53	1.38		Profits 1.43	1.49
	Per Share 1.57	1.19		Profits 1.81	1.86		Profits 1.79	1.79		Profits 1.53	1.38		Profits 1.43	1.49

This announcement appears as a matter of record only.

الشركة الوطنية للصناعات الكيماوية  
Société Nationale des Industries Chimiques

\$36,000,000

Medium Term Financing  
for the importation of equipment from

CTIP S.p.A.

Guaranteed by

Banque Extérieure d'Algérie

Managed by

First Boston (Europe) Limited  
Kuwait International Investment Co. s.a.k.

Banque Intercontinentale Arabe/Arab Bank for Investment and Foreign Trade

Gulf International Bank, Bahrain  
Security Pacific Bank  
Western American Bank (Europe) Limited



Provided by

Kuwait International Investment Co. s.a.k.  
Banque Intercontinentale Arabe/Arab Bank for Investment and Foreign Trade  
Gulf International Bank, Bahrain  
Security Pacific Bank  
Western American Bank (Europe) Limited  
Associated Japanese Bank (International) Limited  
Provincial Bank of Canada  
Arab Bank Overseas Limited  
Atlantic International Bank Limited  
Banque Commerciale pour l'Europe du Nord (Eurobank)  
The Daiwa Bank Limited  
Industrial National Bank of Rhode Island  
Mellon Bank, N.A.  
The Royal Bank of Canada International Limited

Agent Bank:  
Security Pacific Bank

Bastogi International Limited acted as advisor to CTIP in this transaction.

This announcement appears as a matter of record only.

الشركة الوطنية للصناعات الكيماوية  
Société Nationale des Industries Chimiques

\$14,000,000

Medium Term Financing  
for the importation of equipment from

CTIP S.p.A.

Guaranteed by

Banque Extérieure d'Algérie

Managed by

First Boston (Europe) Limited

Lavoro Bank International  
Bastogi International Limited

Provided by

Bastogi International Limited  
Banca Commerciale Italiana Overseas Limited  
Gaspigne Overseas Bank Limited  
Credito Italiano (London)  
Italian International Bank Limited  
Lavoro Bank International  
Banco di Roma, London Branch

Agent Bank:  
Lavoro Bank International

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Engineering sales raise Voest-Alpine profit

VOEST-ALPINE, the nationalised Austrian steel and engineering concern reports a 17 per cent rise in group turnover to Sch.44.8bn. (£1.6bn.) last year but also continued pressure on profit margins...

Hongkong & Shanghai Bank lifts dividend

HONG KONG AND SHANGHAI Banking Corporation has raised its interim dividend to HK 18 cents a share from 16 cents last year...

Coles sharply ahead of the retail trend

MAJOR variety and food retail chain, G. J. Coles, boosted earnings by an impressive 31 per cent to \$223.5m. in the year to June 25, and has increased its dividend for the second successive year...

RICH, July 26. National Bank of Switzerland necessary to clear up its Zurich operations...

Tunnel go. The good performance in this sector also helps to improve the financial picture...

Bank Leumi to raise \$35m. BANK LEUMI le-Israel, Israel's largest bank, is putting another issue on the local market...

Bank of Tokyo, Ltd. Floating Rate U.S. Dollar Certificates of Deposit. Maturity date 30 July 1980.

with the provisions of the Certificates of Deposit, the interest rate for the 12 month period from 27 July 1977 to 27 July 1978 will carry an interest rate of 6 1/2 per annum.

AL PLANT INTERNATIONAL LTD. member of the MITCHELL COTTS GROUP. LONDON and PARIS. signed an exclusive co-operation agreement with BANQUE BELGE LTD. member of the Société Générale de Banque group.

VIENNA, July 26. The growing share of industrial engineering and foreign ventures are regarded by Dr. Koller, who has headed the company for 18 years as one of his greatest achievements.

TEL AVIV, July 26. says it will shortly open additional 'Marks and Spencer' departments in several more of its stores.

IMF talks on Mid East bank. A DELEGATION from the International Monetary Fund to-day began talks in Abu Dhabi with officials from the United Arab Emirates Currency Board on the possibility of establishing a central bank in the UAE...

HAMASHEBIR le Zorchan - Israel's retail co-operative chain.

Kajima lowers its sights

KAJIMA Corporation expects a 19 per cent fall in taxed profit in the year to November 30 to Y12.5bn. from Y15.37bn. last year reports Reuter.

Societe Generale

BRUSSELS, July 26. SOCIETE GENERALE de Belgique SA said in its half-year report that profits can be expected to rise this year...

Perrier moves in Brazil

PERRIER SA, the French mineral water and soft drinks giant, said that it is to reorganise its Brazilian marketing network following its takeover of Imatoca, a locally-based company, reports AP-DJ from Paris.

Perrier moves in Brazil

Perrier said it intends to set up a holding company called Saramic and will create a new subsidiary known as Belano which will buy Imatoca's assets. Belano's capital will be raised progressively to \$4m.

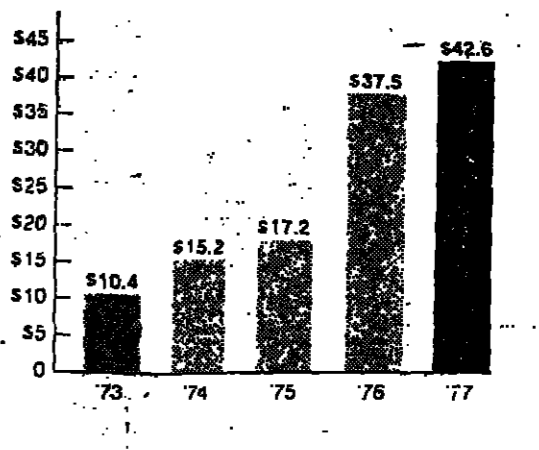
Perrier moves in Brazil

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SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

Table with columns for bond types (STRAIGHTS, CONVERTIBLES, FLOATING RATE NOTES), issuer, and price. Includes entries for Alexs Amralla, ABBEY, Amstar, etc.

In mid-1977... improved earnings reflect continued worldwide demand for Allis-Chalmers equipment.



Results for the six months ended June 30: Table with columns for Net Income (millions), Earnings per Common Share, and Sales (millions) for years 1973, 1974, 1975, 1976, 1977.

The world needs more of what Allis-Chalmers makes. Allis-Chalmers Corporation Milwaukee, WI 53201. Serving world equipment needs for processing solids and fluids... agriculture... electric power... material handling... outdoor products.

# Further 6.4 loss in early trading

### BY OUR WALL STREET CORRESPONDENT

#### STOCK PRICES continued to retreat in early moderate trading on Wall Street today.

The Dow Jones Industrial Average showed a further reaction of 6.41 at 907.83 at 1 p.m., while the NYSE All Common Index declined 32.33 points to \$94.97. Turnover picked up to \$9.97 billion.

#### Closing prices and market reports were not available for this edition.

#### 13.4m. shares from 11.8m. at 1 p.m. yesterday, while losses outpaced gains by nearly a two-to-one ratio.

Analysts said profit-taking again took its toll of the market, while there was also renewed concern about the outlook for the economy and the possibility of another rise in interest rates.

U.S. Steel lost \$1 to \$37 on sharply lower earnings. Inco, most actively traded, were down \$1 at \$22 after a block of 125,000 shares changed hands at \$22.

Exxon retreated \$1 more to \$51.1, still on lower earnings. Allied Chemical shed \$1 to \$48 1/2.

#### MONDAY'S ACTIVE STOCKS

Stock	July 26	July 27	Change
Gold and Western	49.30	49.30	0
Veranda	154.00	154.00	0
Exxon	51.00	50.00	-1.00
Texas	32.00	32.00	0
Alcoa	34.00	34.00	0
Mesa Petroleum	17.00	16.00	-1.00
Atlantic Richfield	14.00	14.00	0
Atlantic	14.00	14.00	0
Dresser Industries	14.00	14.00	0
General Motors	13.00	13.00	0

#### Rockwell International eased \$1 to \$31 and Consolidated Edison both unchanged at \$33, after both reporting improved profits.

Standard Oil of Ohio lost \$2 to \$80, and Gulf Oil \$1 to \$29, while Oil Field Equipment shares also declined, with Hughes Tool shedding \$1 to \$38, and Halliburton \$1 to \$80.

#### THE AMERICAN SE Market Value Index was 0.70 lower at 127.72 at 1 p.m. Volume 1.9m. shares (1.5m.).

#### Actively-traded Houston Oil Shares gave up \$1 to \$37 1/2.

#### OTHER MARKETS

#### Canada depressed

Recent weakness on Canadian Stock Markets persisted yesterday morning in this trading.

The Toronto Composite Index reacted 4.5 more to 1047.2 at noon, while Metals and Minerals fell 2.9 further to 1001.3 and Oils and Gas lost 0.5 to 1245.3.

Inco A \$24, and Bow Valley \$20, each lost \$1, while Harjuncin, \$10, Husky Oil, \$30, Murphy Oil, \$10, and Great-West, \$10, shed \$1 apiece.

Sullivan Mining declined 3 cents to \$1.12 on an increased nine-month loss.

PARIS—No decided trend ahead of the French Prime Minister's broadcast scheduled for later in the day.

Oils gained ground following settlement of the Franco-British dispute over allocation of exploration rights in the Mer d'Iroise.

Chemicals and Motors were also firmer, but Foods, Engineering and Metals were unchanged.

Foreign issues were mostly weak, with International Oils showing the heaviest falls. Golds were irregular.

#### AMSTERDAM

Generally easier, reflecting the overnight downturn on Wall Street and the continuing weakness of the dollar.

Royal Dutch led Dutch Industrials FLS.90 lower. Trading and Industrial stocks softened.

Insurance was mixed. Shipments were steady, although KLM shed FLS.20 ahead of its annual meeting to-morrow.

#### BRUSSELS

Shares were mainly lower in slow trading.

Societe Generale eased B.Fr.10 to FFr.2,075 despite forecasting higher 1977 profits.

Among Steels, Cockerill slipped B.Fr.10 to B.Fr.475, while Non-Ferrous Metals had Asturienne down B.Fr.26 to B.Fr.79.

In Easter Oils, Petrofina shed B.Fr.26 to B.Fr.130. Chemicals and Utilities were narrowly mixed.

#### GERMANY

Market partially overcame nervous early trading to finish on a mixed note.

In higher Utilities, RWE rose DM2.50, while Engineering and Chemicals were mixed.

DRH down DM2.50, but Thyssen Industrie up DM3.50.

Deutsche Bank eased DM1.50, while BASF and Bayer, in Chemicals, both up DM1.00, but IAG, in Stores, improved DM1.50.

#### Public Authority Bonds continued firmly with gains to DM0.45, but the Regulating Authorities bought DM2m.

Some of stock after selling DM5m, the previous day.

#### SWITZERLAND

Narrowly mixed in quiet Settlement Day dealings.

Swissair eased Fr.10 to Fr.729 on profit-taking after recent strength.

In Financials, Bally Bearer rallied Fr.20 to Fr.110, but Nestle Bearer, in little-changed Industrials, declined Fr.30 to Fr.3,520.

#### COPENHAGEN

Banks and insurances were slightly higher, while Commodities, Shipments and Industrials softened a little.

#### OSLO

Quiet. Banks were steadier.

#### VIENNA

A shade easier in places.

Spain—Sellers were again in force and the market continued to react to the recently announced economic measures.

The index fell 1.1 further to a new "low" for the year of \$2.39, with Banks still under strong pressure.

Banco Bilbao, Banco Central, 418, and Banco Bilbao, 360, were lowered 12 and 9 points respectively.

#### MILAN

Most share prices rallied marginally in this trading, halting a series of downward steps.

Flat rose L22 to L1,734. Sna Viscoia L13 to L1,720, and Pirelli L14 to L1,912.

Aaic, however, lost L4 to L1,54 following reports of losses in the first five months of the year.

Unaided held steady after yesterday's sharp fall which followed

#### reports of liquidation plans for the loss-making concern.

#### JOHANNESBURG

Golds were mainly steady, although trading was hesitant.

Financials and Mining were quiet and easier where traded.

De Beers firmed 7 cents to R4.77 on U.K. buying interest.

Coppers traded easier, and Asbestos issues drifted lower, but Coal shares occasionally hardened and Tins were higher.

Some shares were mixed.

#### HONG KONG

The market was lower in moderate trading, with "Blue Chips" meeting persistent selling, and very little support.

Hong Kong Bank declined 10 cents to HK\$17.60, while Jardine Matheson and Swire Pacific lost 20 cents each to HK\$40.00 and HK\$40.00 respectively.

Hong Kong Land, Hutchison and Wheelock Marden fell 5 cents, each, to HK\$6.75, HK\$11.75, and HK\$2.50 respectively.

#### TOKYO

The market weakened, with "Blue Chips" leading the fall in the absence of fresh favourable market factors.

Volume 190m. shares (130m.). Electricals, Motors and Precision Instruments were sharply lower in line with overnight Wall Street.

TDK Electronics, Y30 to Y1,450, Victor Y31 to Y988, Olympus Y15 to Y280, and Honda Motor Y15 to Y280.

Ceramic retreated Y130 to Y2,470 on selling by foreign investors.

Among limited gainers were low-priced "speculatives".

#### AUSTRALIA

Markets were mixed.

SHIP recovered 14 cents to \$A5.50 following recent weakness on the results.

Coles, however, eased 2 cents to \$A2.50, while Woolworths shed 3 cents to \$A1.93, while Land Lease were 10 cents lower at \$A2.25.

Banks and Sugars also eased.

Gold shares firmed on a higher gold Bullion price, with Central Noranda adding 25 cents to \$A3.55, while higher tin prices lifted Renison 14 cents to \$A3.44.

#### NOTES

Overseas prices shown below exclude a premium. Belgian dividends are shown in francs unless otherwise stated.

DM250 denotes, unless otherwise stated, 100 DM.

Fr.100 denotes, unless otherwise stated, 100 francs.

Yen 100 denotes, unless otherwise stated, 100 yen.

U.S. dollar denotes, unless otherwise stated, 100 U.S. dollars.

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#### NEW YORK, July 26

The U.S. dollar and its Canadian counterpart continued to be influenced by the strength of the D-mark in the foreign exchange market yesterday.

The U.S. unit closed above its worst level of the day against the West German currency, after touching a low point of DM2.245, but the Canadian dollar suffered larger losses, falling below 94 U.S. cents for the first time in seven years.

Pessimistic predictions about the Canadian economy may have contributed to the fall, but there were also reports of substantial purchases of U.S. dollars in Canada amid fears that the U.S. currency may continue to decline.

The Canadian dollar fell to \$3.84 U.S. cents after the close of business in London, while the U.S. unit recovered slightly to finish at DM2.247 in terms of the D-mark compared with DM2.248 on Monday.

The U.S. dollar's trade-weighted average depreciation since the Washington Currency Agreement, as calculated by Morgan Guaranty, improved slightly to 1.95 per cent from 2.06 per cent, probably reflecting the weakness of the Canadian unit.

Sterling's trade-weighted index on the basis of the 1971 Washington Agreement was unchanged throughout at 60.8, according to the Bank of England.

Several central banks intervened to support the U.S. dollar yesterday, including the Bank of England. Further dollars were added to the U.K. reserves, to a total of \$1.1 billion, after the pound. Sterling finished at \$1.482 1/2.

#### EXCHANGE CROSS-RATES

July 26	Frankfurt	New York	Paris	Brussels	London	Amst'dm	Zurich
Frankfurt	48.25	2.96	66.80	6.64	5.66	66.27	93.40
New York	1.27	1.00	30.77	2.62	2.27	1.18	15.40
Paris	1.70	1.40	100.00	12.47	10.83	52.48	70.24
Brussels	1.04	0.86	37.29	60.15	51.47	14.60	19.54
London	0.86	0.71	100.00	10.10	8.91	42.94	57.13
Amst'dm	1.04	0.86	37.29	60.15	51.47	14.60	19.54
Zurich	1.27	1.00	30.77	2.62	2.27	1.18	15.40

U.S. \$ in Montreal U.S. \$ = 106.16-20 Canadian Cents. Canadian \$ in New York U.S. \$ = 81.23-23 U.S. \$ in 25th 81.00-30. Sterling in Milan 167.50-168.50. \* Rates are for 100 units.

#### EURO-CURRENCY INTEREST RATES

July 26	Starting	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	W. German Mark
1 month	7 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2
3 months	7 3/4	8 3/4	8 3/4	8 3/4	8 3/4	8 3/4
6 months	8 1/4	9 1/4	9 1/4	9 1/4	9 1/4	9 1/4
1 year	8 3/4	9 3/4	9 3/4	9 3/4	9 3/4	9 3/4

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#### SWISS FRANC

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#### FOREIGN EXCHANGE

July 26	Bank Rate	Day's Spread
New York	151.717-151.718	0.000-0.001
London	151.717-151.718	0.000-0.001
Amsterdam	151.717-151.718	0.000-0.001
Brussels	151.717-151.718	0.000-0.001
Frankfurt	151.717-151.718	0.000-0.001
Zurich	151.717-151.718	0.000-0.001
Stockholm	151.717-151.718	0.000-0.001
Copenhagen	151.717-151.718	0.000-0.001
Oslo	151.717-151.718	0.000-0.001
Vienna	151.717-151.718	0.000-0.001
Paris	151.717-151.718	0.000-0.001
Geneva	151.717-151.718	0.000-0.001
Basel	151.717-151.718	0.000-0.001
Madrid	151.717-151.718	0.000-0.001
Lisbon	151.717-151.718	0.000-0.001
Barcelona	151.717-151.718	0.000-0.001
Valencia	151.717-151.718	0.000-0.001
Seville	151.717-151.718	0.000-0.001
Malaga	151.717-151.718	0.000-0.001
Cadix	151.717-151.718	0.000-0.001
Granada	151.717-151.718	0.000-0.001
Almeria	151.717-151.718	0.000-0.001
Murcia	151.717-151.718	0.000-0.001
Jaen	151.717-151.718	0.000-0.001
Cordoba	151.717-151.718	0.000-0.001
Huelva	151.717-151.718	0.000-0.001
Badajoz	151.717-151.718	0.000-0.001
Extremadura	151.717-151.718	0.000-0.001
Castilla-La Mancha	151.717-151.718	0.000-0.001
Castilla y Leon	151.717-151.718	0.000-0.001
Galicia	151.717-151.718	0.000-0.001
Asturias	151.717-151.718	0.000-0.001
Basque Country	151.717-151.718	0.000-0.001
Navarre	151.717-151.718	0.000-0.001
Aragon	151.717-151.718	0.000-0.001
Catalonia	151.717-151.718	0.000-0.001
Valencia	151.717-151.718	0.000-0.001
Balearic Islands	151.717-151.718	0.000-0.001
Canary Islands	151.717-151.718	0.000-0.001
Cape Verde	151.717-151.718	0.000-0.001
Madeira	151.717-151.718	0.000-0.001
Azores	151.717-151.718	0.000-0.001
Portugal	151.717-151.718	0.000-0.001
Spain	151.717-151.718	0.000-0.001
France	151.717-151.718	0.000-0.001
Germany	151.717-151.718	0.000-0.001
Italy	151.717-151.718	0.000-0.001
Japan	151.717-151.718	0.000-0.001
USA	151.717-151.718	0.000-0.001

#### ARGENTINA

Argentina 154.84-154.84 Arg. Pesos. Australia 1,620.1-1,620.1 Aus. Dollars. Brazil 54.28-54.28 Brl. Cruzeiros. Canada 81.00-81.00 Can. Dollars. Hong Kong 1,620.1-1,620.1 Hong Kong Dollars. India 1,620.1-1,620.1 Indian Rupees. Japan 1,620.1-1,620.1 Yen. Korea 1,620.1-1,620.1 Won. Luxembourg 1,620.1-1,620.1 Luxembourg Francs. Malaysia 1,620.1-1,620.1 Malaysian Ringgits. New Zealand 1,620.1-1,620.1 New Zealand Dollars. Singapore 1,620.1-1,620.1 Singapore Dollars. South Africa 1,620.1-1,620.1 Rand. Sweden 1,620.1-1,620.1 Swedish Kronor. Switzerland 1,620.1-1,620.1 Swiss Francs. Taiwan 1,620.1-1,620.1 New Taiwan Dollars. Thailand 1,620.1-1,620.1 Thai Baht. UK 1,620.1-1,620.1 Sterling. USA 1,620.1-1,620.1 US Dollars. West Germany 1,620.1-1,620.1 West German Marks. Yugoslavia 1,620.1-1,620.1 Yugoslav Dinars. Zaire 1,620.1-1,620.1 Zairean Shillings. Zimbabwe 1,620.1-1,620.1 Zimbabwean Dollars.

#### INDONESIA

Indonesia 1,620.1-1,620.1 Indonesian Rupiah. Israel 1,620.1-1,620.1 New Israeli Sheqels. Italy 1,620.1-1,620.1 Italian Lira. Japan 1,620.1-1,620.1 Yen. Korea 1,620.1-1,620.1 Won. Luxembourg 1,620.1-1,620.1 Luxembourg Francs. Malaysia 1,620.1-1,620.1 Malaysian Ringgits. New Zealand 1,620.1-1,620.1 New Zealand Dollars. Singapore 1,620.1-1,620.1 Singapore Dollars. South Africa 1,620.1-1,620.1 Rand. Sweden 1,620.1-1,620.1 Swedish Kronor. Switzerland 1,620.1-1,620.1 Swiss Francs. Taiwan 1,620.1-1,620.1 New Taiwan Dollars. Thailand 1,620.1-1,620.1 Thai Baht. UK 1,620.1-1,620.1 Sterling. USA 1,620.1-1,620.1 US Dollars. West Germany 1,620.1-1,620.1 West German Marks. Yugoslavia 1,620.1-1,620.1 Yugoslav Dinars. Zaire 1,620.1-1,620.1 Zairean Shillings. Zimbabwe 1,620.1-1,620.1 Zimbabwean Dollars.

#### NETHERLANDS

Netherlands 1,620.1-1,620.1 Dutch Guilder. Norway 1,620.1-1,620.1 Norwegian Kroner. Pakistan 1,620.1-1,620.1 Pakistani Rupees. Philippines 1,620.1-1,620.1 Philippine Pesos. Portugal 1,620.1-1,620.1 Portuguese Escudos. Saudi Arabia 1,620.1-1,620.1 Saudi Riyals. Singapore 1,620.1-1,620.1 Singapore Dollars. South Africa 1,620.1-1,620.1 Rand. Sweden 1,620.1-1,620.1 Swedish Kronor. Switzerland 1,620.1-1,620.1 Swiss Francs. Taiwan 1,620.1-1,620.1 New Taiwan Dollars. Thailand 1,620.1-1,620.1 Thai Baht. UK 1,620.1-1,620.1 Sterling. USA 1,620.1-1,620.1 US Dollars. West Germany 1,620.1-1,620.1 West German Marks. Yugoslavia 1,62

# ARMING AND RAW MATERIALS

## le 'able survive per fall'

SANTIAGO, July 26

EXTERNAL financial... remain unaffected... trend in world... even if it continued... central bank... Bardon claimed... Reuter... up to the foreign... for this year... the government... already... of the foreign... 100m... the... copper prices... 1978... the central... dig into its reserves... at \$700m... exports at present... 35 per cent... earnings com... 80 per cent... the... said... this... use in exports... industries and manufac... it was announced... State-owned... upper mine will take... production costs... Sr. Manuel... in a note... which... the... moves... restrictions on... near of new workers... time and eventually... economies were neces... of the continued... mineral content... extracted... the... Chilean copper... Harry El Salvador... was the upward trend... and unrealistic... world copper prices... a copper prices... at Exchange... quiet... conditions... yesterday... is now awaiting... the... new talks being held... and Phelps Dodge... end to the copper... like that began on... s also fell... in spite... of the... market... overnight... sales halted... the... trend and... and... 22.5 lower at \$8,285

## Call for cattle breeding probe

BY CHRISTOPHER PARKES

BRITISH PEDIGREE cattle breeders yesterday called for an independent investigation of their charges that heavy regulations covering artificial insemination on the farm will strengthen the monopoly position of the Milk Marketing Board and weaken the national blood lines.

They got their answer later in the day after a meeting between Sir Emrys Jones, chairman of the National Cattle Breeders' Association, and Gavin Strang, Parliamentary Secretary at the Ministry of Agriculture.

The Ministry announced that because of "misunderstandings" about the purpose of new rules there would indeed be an inquiry this autumn into the way bulls are selected and approved for use in artificial insemination, but it would be managed by men from the Ministry.

There could be no question of the new regulations "being imposed until the inquiry was finished, as the cattle breeders want.

The appeal for a probe traditionally the last shot in the locker of losing campaigners came at a Press conference in London. Mr. Jones said:

## Oil prices cut

INGTON, July 26

U.S. and coconut oil prices fell in the London market yesterday. U.S. coconut oil fell 1.5 cents to 47.80, palm oil 1.20 to 47.60, and coconut oil 1.50 to 47.10. The same oil fell 1.20 to 47.00. U.S. coconut oil fell 1.50 to 47.00, palm oil 1.20 to 47.00, and coconut oil 1.50 to 47.00.

## iodity Market Reports and Prices

METALS

Commodity	Price
Cash 20.00	11.5
Standard 20.00	11.5
Three months 20.00	11.5

## SOYABEAN MEAL

MARKETS OPENED UNCHANGED. Soyabean meal prices were steady in a thin market. Soyabean meal prices were steady in a thin market. Soyabean meal prices were steady in a thin market.

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RECOVERY IN COFFEE PRICES. Recovery in coffee prices. Recovery in coffee prices. Recovery in coffee prices.

## INDIA MAY CUT COTTON IMPORTS

BOMBAY, July 26

THE COTTON Corporation of India says it is unlikely to import about 200,000 tons of the 1.4m. bales of cotton for which foreign exchange was sanctioned for the current year.

## YUGOSLAV WHEAT CROP DISAPPOINTS

BELGRADE, July 26

YUGOSLAVIA'S wheat harvest this year was a disappointing 5.4m. tonnes, 10 per cent below last year's yield, according to Tanjug, the official news agency.

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SYDNEY, July 26

CSR, the Australian sugar industry's agent, has welcomed the news that a senior Japanese government official is to visit Australia for talks on the dis-structive sugar.

# Nickel price war looms as Inco rescinds rises

BY JOHN EDWARDS, COMMODITIES EDITOR

THE NICKEL market was thrown into disarray yesterday after an announcement by International Nickel of Canada that it was rescinding price increases announced as far back as last October.

Even more significant was the fact that the company is refusing to quote new prices claiming that any prices charged to customers will be considered "confidential."

This seems to suggest that International Nickel is abandoning its role as the traditional price leader in the nickel industry, based on the fact that it is the biggest single producer.

The company's move sets the scene for an all-out price war reflecting the very depressed conditions in the Western world nickel market. It is estimated that stocks of nickel producers have now built up to 550,000 tons, which is equivalent to six months supply. Inco is holding the bulk of these stocks.

In its second quarter report, Nickel admitted that combined producer and consumer stocks were at record levels. In the first six months of the year the company's deliveries of nickel dropped to 461m. lb. compared with 470m. lb. in the comparable period of 1976. It was forecast that 1977 earnings would not match the 1976 level.

Other nickel producers were yesterday "staring" the situation while they attempted to find out what the Inco move meant in market price terms. Initial reports in the U.S. indicate that Inco is now offering its first grade cathodes and pellets at the September 30, 1977 level of \$2.20 a pound, compared with the official posted price of \$2.41 announced last October but never fully introduced.

"Real" nickel prices, paid by consumers, have been virtually impossible to confirm during the past two years, especially in the past six months, because of the big rebates or discounts offered by producers in an attempt to retain their share of a declining market.

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# Recovery in coffee prices

By Richard Mooney

COFFEE FUTURES staged a sharp rally on the London market yesterday in spite of the continuing "beatiness" of fundamental factors.

Prices had opened up to 230 a tonne lower, but a return of the heavy speculative buying which boosted prices on Monday afternoon lifted nearby positions dramatically.

The sharpest rise was for September coffee, which ended the day at \$211.50 after \$222.50 a tonne.

As on Monday the speculative activity was assumed to represent support buying by the Brazilian authorities.

Dealers confirmed that there was nothing in fundamental developments to encourage the upward strength of the market but with the support of buying dominating sentiment, considerations such as the continued absence of weather news and disappointing demand at the latest Kenyan auction were easily brushed aside.

The market also appeared to have ignored a report by Mr. Ernest Jones-Parry, secretary of the London-based International Sugar Organisation, to restart the conference next autumn.

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# SUGAR MARKET

# Fresh bid to keep pact talks alive

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

EEC GOVERNMENTS agreed today to look at what the Community might be able to do to help restart the International Sugar Conference, which was suspended inconclusively about three months ago.

At the urging of Mr. Frank Judd, Minister of State at the Foreign Office, Foreign Ministers of the Nine decided to order a review of the EEC Commission's mandate in the negotiation to see if it could be made broader and more flexible.

A working group of experts has been instructed to look into the question over the next few weeks and to report to the committee of EEC permanent national representatives when they meet in Brussels on September 7.

Mr. Judd, whose initiative was supported in particular by the Dutch Government, told the Ministers that the Community should try to support efforts by the United States, Secretary of State James Baker, to restart the conference next autumn.

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# PRICE CHANGES

Commodity	Price
Cash 20.00	11.5
Standard 20.00	11.5
Three months 20.00	11.5

## U.S. Markets

Commodity	Price
Cash 20.00	11.5
Standard 20.00	11.5
Three months 20.00	11.5

## FINANCIAL TIMES

Commodity	Price
Cash 20.00	11.5
Standard 20.00	11.5
Three months 20.00	11.5

## REUTERS

Commodity	Price
Cash 20.00	11.5
Standard 20.00	11.5
Three months 20.00	11.5

## DOW JONES

Commodity	Price
Cash 20.00	11.5
Standard 20.00	11.5
Three months 20.00	11.5

## APPOINTMENT WANTED

CLASSIFIED ADVERTISEMENT RATES

Commodity	Price
Cash 20.00	11.5
Standard 20.00	11.5
Three months 20.00	11.5

## COCAOA

COFFEE

INDIA MAY CUT COTTON IMPORTS

YUGOSLAV WHEAT CROP DISAPPOINTS

NEW HOPE FOR AUSTRALIA-JAPAN DEAL

## SOYABEAN MEAL

COFFEE

INDIA MAY CUT COTTON IMPORTS

YUGOSLAV WHEAT CROP DISAPPOINTS

NEW HOPE FOR AUSTRALIA-JAPAN DEAL

## U.S. Markets

COFFEE AND COCOA FALL; SUGAR EASY

PRECIOUS METALS WERE IRONIC ON SPECULATIVE BUYING OF GOLD

COFFEE AND COCOA WERE DOWN

COCAO CLEARED LIMITED

BRACILIAN EXPORT TAXES

SUGAR CARED ON COMPARISON

REUTERS

COCAO - 20.00

COFFEE - 20.00

INDIA MAY CUT COTTON IMPORTS

YUGOSLAV WHEAT CROP DISAPPOINTS

NEW HOPE FOR AUSTRALIA-JAPAN DEAL

STOCK EXCHANGE REPORT

Attempted rally reversed on reluctance of buyers Index down 7.1 at 430.1 for near-10% fall from May peak

Account Dealing Dates Option
\*First Declared Last Account Dealings from Dealings Day July 11 July 21 July 22 Aug 1 July 25 Aug 4 Aug 5 Aug 16 Aug 8 Aug 18 Aug 19 Aug 31
New time dealings may take place from 9.30 a.m. two business days earlier.

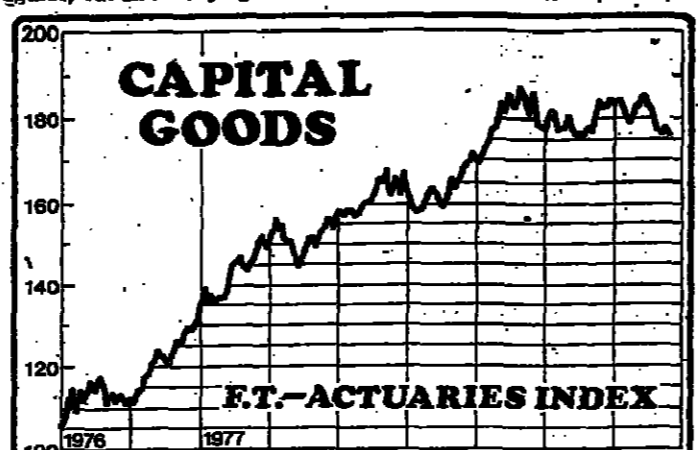
Being dealable in special ex-dividend form for the first and only time. Exchequer 91 per cent. 1982, was again the most frequently traded stock but, in common with other mediums and long, surrendered early firmness, which had amounted to 1. The stock also began steady to firm and encountered a two-way business representing switching against the longs before drifting back, usually to the extent of 1/4, and closing a maximum of 1/2 lower on the day. Investment advice which urged caution at this stage gave some momentum to the reactionary movement. Corporations were not affected by the issue of £30m. of Sandwell 13 per cent. 1985, stock and registered occasional improvements of 1/4. Anglo-Union's initiative regarding the Rhodesian constitutional issue, Southern Rhodesian bonds hardened in extremely small dealings; exceptionally, the 6 per cent. 1978-81, gained two points to 256.

Leading Electricals looked support and sustained losses to 8 as in Thom A, at 294p, while falls of around 5 were seen in EMI, 209p, BICC, 113p, GEC, 196p, and Ever Ready, 161p. Eye gave up 4 to 86p and H. Wigfall lost 6 to 119p. Royal, however, held at 436p, still with the help of the chairman's recent confident statement, while Best and May were an isolated bright spot at 42p, up 2, on the improved preliminary figures. In Stores, Vantons receded 4 to 89p on the disappointing interim figures, but small buying in a thin market helped George Dolan edge forward 2 to 19p. Status Discount closed a similar amount dearer at 81p.

market helped George Dolan edge forward 2 to 19p. Status Discount closed a similar amount dearer at 81p. Speculative buying on expectations of imminent news on the bid talks currently taking place with Cooper Industries helped Jerous Cooper advance 9 to a 1977 peak of 63p in Engineering. Further consideration of the results left Kwikform a couple of pence dearer at 92p, and the improved first-half earnings helped F. Pratt edge forward a penny to 66p. Profit-taking after the results which were in line with market estimates prompted a decline of 9 to 217p in Day International, while Falvey turned reactionary again at 49p, down 1/4, following the extraordinary general meeting. In sympathy with the decline of the American counterpart, 9 to 217p in Day International, while Falvey turned reactionary again at 49p, down 1/4, following the extraordinary general meeting.

Losses to 6 were seen in a number of miscellaneous Industrial leaders including Becham, 474p, Metal Box, 296p, Reckitt and Colman, 450p, and Unilever, 476p. Reed International shed 2 to a 1977 low of 168p. Elsewhere, Powell Duffryn, at 689p, gave up 2 1/2 of Monday's gain of 8 that followed the dividend boosting rights issue, while profit-taking clipped 4 from Redfern National Glass, at 192p. On the other hand, Gallenkamp rose 10 to 320p awaiting news of the bid talks with Fisons. MSEP reacted 3 to 77p and Haslemere Estates 4 to 190p. Interpreneur, 211p, and London Provincial Sheep, 61p, both held at 31, while Chesterfield fell 7 to 220p, the last-named despite news that nearly 1.5m. shares had been placed with institutions. County District moved against the trend with a rise of 2 1/2 to 711p, Northern Irish and Scottish Investment Trust featured with a rise of 3 to 30p on the announcement that the company is considering a new share issue. The Press comment on the problems facing its subsidiary, Mesa Petroleum, in its development of the cent. holding to a number of Beatrice field directed attention

to P & O deferred which closed 3 cheaper at 140p. Textiles made a drab showing following adverse Press comment on the industry. Courtaulds fell 7 1/2 to 100p, while Coats Patons, and Carlingford Viella, 264p, both finished 3 cheaper. Against the trend, R. Smallshaw (Katie Wear) edged up 2 to 14p on the substantially improved first-half profits. BAT Industries were the highest in the "Tobacco" sub-sector. The Ordinary, 248p, and Defford, 217p, put on 6 and 7 respectively in response to the interim figures. Assam Frontier continued to dominate proceedings in Year and improved 40 more to 370p on the latest confirmation of a bid approach. Other issues moved higher in sympathy. Golds' firmer. South African Golds continued to make headway yesterday despite the 90 cents decline in the bullion price to \$145.875 per ounce with the Gold Mines index up 1 1/2 more to 119.8. Shares moved ahead at the outset of trading reflecting the overnight transatlantic rise in the metal price to \$147 and a modest follow through of U.S. buying and local interest, but the market subsequently eased a shade in the late trade as interest slackened. The rise in interest and currency premium also added to the general franness of prices. Uranium/gold producers again attracted most of the buying interest with Randfontein's share higher at a 1977 high of £28 1/2 and Vaal Reef 4 firmer at a new high of £11 1/2. Overseas-domiciled Financials were again firmer in sympathy with Golds. General Mining reached a 1977 high of £18 1/2, a rise of 1/2, while "Amgold" hardened to £14 1/2. De Beers closed 7 higher following Continental, Cape and U.S. support. Certain shdrz estoin ezoinos London-registered Financials, however, continued to suffer from lack of interest and prices usually gave up a few pence. Australians were more active than of late but price changes were minimal. Utah Mining, Ass. Trade gave up 5 to 390p on profit-taking following the good half-year results, while bullion price speculation left Gold Mines of Kalgoorlie 5 better at 37p. Uranium was affected by news that a Federal Government decision on the mining and export of the metal will be delayed by around two weeks. This continues their recent firmness following the fresh rise in the Penang metal price. The U.K. producer Geveco closed another 10 higher at 355p while British Minerals gained 5 to 30p. In the Malaysian producers Southern Malaysian rose 5 to 197p and Malaysian Fin were 3 better at a new high of 30p.



Nth. Sea euphoria Confirmation by Pan Ocean of a major oil and gas strike in the North Sea Basin Field have added stimulus to Siebens (U.K.), which was 4 pence dearer. After the rise of 84p over the previous six trading days, Siebens surged ahead to 290p before profit-taking trimmed the price back to 261p and subsequent demand in the market left a close of 264p for a net gain of 26. Speculators also paid attention to Oil Exploration on hopes that operations in the Thimna Field will be as successful. Oil Exploration rose 18 more to 342p, while stakeholders in the company to benefit included National Carbonising, 3 dated 1/2, and Premier Consolidated, 2 dated 1/2. Thomson Organisation ended 1 1/2 to the good at 588p, after 603p, on a renewed American buying. On the other hand, British Petroleum eased 4 to 910p, with the Partly-paid losing a like amount to 340p, while Shell moved narrowly higher closing at 517p. As intimated in yesterday's issue, dealings in Attock were suspended at 9.30 a.m. at 112p pending reorganisation particulars. Properties lost fresh ground, despite the appearance of a broker's circular which made several favourable recommendations. The falls, however, were moderate with British Land, 350p, English 37p, and Leas and Securities, 711p, all around 2 lower. MSEP reacted 3 to 77p and Haslemere Estates 4 to 190p. Interpreneur, 211p, and London Provincial Sheep, 61p, both held at 31, while Chesterfield fell 7 to 220p, the last-named despite news that nearly 1.5m. shares had been placed with institutions. County District moved against the trend with a rise of 2 1/2 to 711p, Northern Irish and Scottish Investment Trust featured with a rise of 3 to 30p on the announcement that the company is considering a new share issue. The Press comment on the problems facing its subsidiary, Mesa Petroleum, in its development of the cent. holding to a number of Beatrice field directed attention

FINANCIAL TIMES STOCK IND. Table with columns for various stock indices and their values.

HIGHS AND LOWS S.E. ACT Table with columns for High, Low, and S.E. ACT values.

NEW HIGHS AND LOWS FOR 1 Table with columns for various stock categories and their high/low values.

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office
OPERA & BALLET
COLISEUM. Credit Cards. 01-240 5258. Reservations 01-836 2161
ENGLAND'S OPERA
1977-78 Season opens Aug. 8. Big new show for the season. The Barber of Seville. La Traviata. La Boheme. Scats from our 80p.

RECENT ISSUES

Table with columns for EQUITIES and FIXED INTEREST STOCKS, listing various stocks and their recent price movements.

RIGHTS '77 OFFERS

Table listing rights offers for various companies, including company names and offer details.

ACTIVE STOCKS

Table listing active stocks with columns for Stock, Denomina., Closing, Change, 1977, and 1977.

FT-ACTUARIES SHARE INDIC

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns for EQUITY GROUPS, FIXED INTEREST PRICE INDICES, and FIXED INTEREST YIELDS, providing detailed financial data and trends.

Handwritten note in Arabic script: "هذا من الأصل"

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorised Unit Trusts listing various funds such as Brown Shipley & Co. Ltd., Guardian Royal Ex. Unit Mgrs. Ltd., and others with their respective details and prices.

Table of Offshore and Overseas Funds listing various international investment funds such as Fidelity Mgmt. & Res. (Bda.) Ltd., Kempt-Jones Management Jersey Ltd., and others.

Table of Base Lending Rates listing various banks and their respective interest rates for different terms.

Table of Insurance, Property, and Bonds listing various insurance companies and their products.

INSURANCE, PROPERTY, BONDS

Large table of Insurance, Property, and Bonds listing various insurance companies like Abbey Life Assurance Co. Ltd., Equity & Law Life Ass. Soc. Ltd., and others.

GET TO MANCHESTER

Text advertisement for Manchester services, including contact information and a phone number: 061-246 8026.

Table of Financial Services listing various companies and their services, including Royal Exchange Assurance and others.

Advertisement for Clive Investments Limited, including contact information and a table of Insurance Base Rates.

INDUSTRIALS (Misc.)

Table of industrial stocks including companies like ICI, BHP, and various engineering firms, with columns for stock name, price, and other financial metrics.

FT SHARE INFORMATION SERVICE

ENGINEERING—Continued

DRAPERY AND STORES—Continued

BUILDING INDUSTRY—Continued

Table of engineering stocks such as Balfour Beatty, James Watt, and others.

Table of drapery and stores stocks including Debenhams, Debenhams Group, etc.

Table of building industry stocks like Bovis Lend Lease, Bovis Lend Lease Group, etc.

ELECTRICAL AND RADIO

CHEMICALS, PLASTICS

BANKS AND HIRE PURCHASE

Table of electrical and radio stocks including GEC, British Thomson-Houston, etc.

Table of chemicals and plastics stocks like ICI, British Petroleum, etc.

Table of banks and hire purchase companies such as ANZAC, Bank of Montreal, etc.

ENGINEERING, MACHINE TOOLS

CINEMAS, THEATRES AND TV

BEERS, WINES AND SPIRITS

Table of engineering and machine tools stocks including Birmingham Small Arms, etc.

Table of cinema, theatre, and TV stocks like British Lion, etc.

Table of beer, wine, and spirit stocks such as Allied Breweries, etc.

DRAPERY AND STORES

BUILDING INDUSTRY, TIMBER AND ROADS

AMERICANS

Table of drapery and stores stocks including Debenhams, Debenhams Group, etc.

Table of building industry, timber, and roads stocks like Bovis Lend Lease, etc.

Table of American stocks including American Cyanamid, etc.

FOOD, GROCERIES, ETC.

LOANS (Misc.)

FOREIGN BONDS & RAILS

Table of food, grocery, and other consumer goods stocks like Borden's, etc.

Table of various loan and financial services.

Table of foreign bonds and rail stocks.

Brown Shipley the right size for your merchant bank Founders Court, Lothbury London EC2R 7HE

BRITISH FUNDS

Table of British funds including Treasury Stock, British Bond, etc.

INTERNATIONAL BANK

Table of international bank stocks.

CORPORATION LOANS

Table of corporation loans.

COMMONWEALTH & AFRICAN LOANS

Table of commonwealth and African loans.

LOANS (Misc.)

Table of various loan products.

FOREIGN BONDS & RAILS

Table of foreign bonds and rail stocks.

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TRIALS - Continued

Table of trials with columns for Name, Price, and other financial details.

MOTORS, AIRCRAFT TRADES

Table listing various motor and aircraft trade companies and their stock prices.

PROPERTY - Continued

Table of property listings including company names and prices.

TRUSTS - Continued

Table of trusts and investment vehicles with associated stock prices.

TRUSTS - Continued

Table of trusts and investment vehicles with associated stock prices.

TRUSTS - Continued

Table of trusts and investment vehicles with associated stock prices.

MINES - Continued

Table of mining companies and their stock prices.

International Finance DAIWA SECURITIES logo and branding.

Commercial Vehicle

Table of commercial vehicle companies and prices.

Components

Table of vehicle components and prices.

Garages and Distributors

Table of garages and distributors.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing companies.

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Table of paper, printing, and advertising companies.

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Table of shipbuilders and repairers.

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Table of shipping companies.

SHOES AND LEATHER

Table of shoe and leather companies.

SOUTH AFRICANS

Table of South African companies.

TEXTILES

Table of textile companies.

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Table of property listings.

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Table of shipping companies.

SHOES AND LEATHER

Table of shoe and leather companies.

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Table of South African companies.

TEXTILES

Table of textile companies.

PROPERTY

Table of property listings.

TRUSTS - Continued

Table of trusts and investment vehicles.

TRUSTS - Continued

Table of trusts and investment vehicles.

MINES - Continued

Table of mining companies.

AUSTRALIAN table with columns for Name, Price, and other details.

TINS table with columns for Name, Price, and other details.

COPPER

COPPER table with columns for Name, Price, and other details.

MISCELLANEOUS

MISCELLANEOUS table with columns for Name, Price, and other details.

NOTES

Notes section containing various financial notices and announcements.

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REGIONAL MARKETS

Table of regional market data for various areas.

OPTIONS

Table of options data, including 3-month call rates.

SURANCE

Table of insurance companies and their stock prices.

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Table of tobacco companies.

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Table of trusts, finance, and land companies.

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Table of tea companies.

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Table of India and Bangladesh companies.

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Table of mining companies.

CENTRAL RAND

Table of Central Rand companies.

EASTERN RAND

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FAR WEST RAND

Table of Far West Rand companies.

O.F.S.

Table of O.F.S. companies.

TEAS

Table of tea companies.

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Table of O.F.S. companies.

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Table of regional market data.

OPTIONS

Table of options data.

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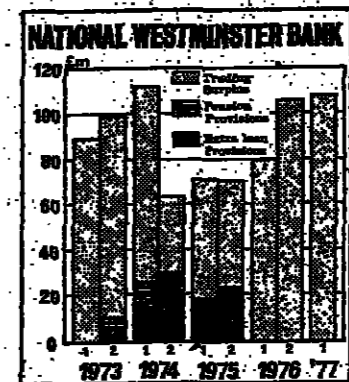
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**THE LEX COLUMN**

**Tracing the leak in Gas profits**

Index fell 7.1 to 430.1



year is forecast to what, but BAT is... fully-diluted prospect... around 44 and a yield... 8.1 per cent... and group's loss of mark...  
**National Westminster**  
 At £109.9m. Natl... minister's interim p... 8.1 per cent... growth rate similar... but lagging behind t... land Bank. In co... the other two bank... managed to increase... profits slightly on... half of last year d... nant loan demand... lower interest rates...  
 Indeed, it is now... clearer why the ba... have stood up so... first half. The decli... margins between de... deposit rates led t... smaller outflow of... money than might... expected and in a... was balanced by... growth in so-called... rent account money... overall deposit mi... noticeably with a fu... in the reliance... sale funds and, fo... the period anyway... interbank rates we... a point-below base... they normally avera... point more. So N... advantage of the c... usual funding oppo... resisted cutting its... even though this m... loss in market sh... non-clearers.  
 In absolute term... banking profits—s... cent of the total—... marginally on the... but this was more... weighed by the i... side where the pr... rose from 25... the total to close...  
 For the second h... expects profits to... "marginally lower... should easily top... mark in the full y... will be only after... the higher than d... debt provisions... capital spending b... that. NatWest's... rally start to take... clear it may well... tent itself with its... at 225p the shar... per cent, more th...

**BAT Industries**

With a 15 per cent improve... ment in half-time pre-tax profits... to £217m. (and a one-fifth rise... at the attributable level) BAT... also come after write-downs of... beaten market expectations... The 6p jump in the share price... on a bad day to 245p could... signal an end to the serious... relative price weakness of BAT... ever since sterling turned up... last autumn. Over the last year... BAT has dropped about a tenth... while the All-Share Index is... approaching a fifth higher.  
 Despite the much-publicised... difficulties of the U.S. subsidi... ary Brown and Williamson... which lost half a point of... market share to 15.7 per cent... over the year to March and is... now spending heavily to... promote a "single digit" low... tar version of Kool, worldwide... tobacco volume has continued... to rise. Latin America remains... a strong area, and U.K. exports... have shown volume gains of a... sixth, or so. Overall tobacco... operating profits are 9 per cent... up on the comparable period...  
 More than anything else... however, BAT's progress in the... first half reflects a 219m jump... to £30m in profits from the... paper side, mainly Wiggins... Teape. In contrast the retail... interests remain dull—profits of... £19m on 2692m of sales—with... no solution in sight for the long... term problems of Gimbels. But... in the U.K., International Stores... showed higher profits after its... drastic slimming operation, and... the current half-year will see... the initial impact of Wallis... Earnings growth for the full...

**Steel continues Lib-Lab pact despite critics**

BY RICHARD EVANS, LOBBY EDITOR

MR. DAVID STEEL asserted his authority as Liberal leader yesterday by insisting that the pact with the Government will continue into the next session of Parliament despite the continuing reservations of some of his supporters.  
 He appeared to have secured a considerable tactical victory at a crucial meeting of Liberal MPs called to discuss the continuation of the pact following the Government's failure to secure a firm wages agreement with the trade unions.  
 There had been signs of growing disenchantment among Liberal MPs over the policy of maintaining Mr. Callaghan's minority administration in office, but only Mr. Cyril Smith, the outspoken MP for Rochdale, expressed substantial reservations at yesterday's Westminster meeting.  
 Mr. Jo Grimond, who shocked many of his colleagues by making public his reservations before the meeting, decided to attend a transport debate in the Scottish Grand Committee instead. There is no sign that he will go against the majority view.  
 No final decisions were taken

at yesterday's 24-hour strategy meeting and there will be further discussions today and probably tomorrow.  
 Mr. Steel is then likely to be able to tell Mr. Callaghan that the pact will continue in the autumn provided the Queen's Speech contains a high proportion of the demands made by the Liberals.  
 What seems certain, however, is that the Liberals will insist on inserting an escape clause that will enable them to withdraw from the pact should the Government's counter-inflation policies fail and there is a pay explosion.  
 There will also continue to be free to vote against the Government on any specific policy issues. But the vital point for Mr. Callaghan is that matters of confidence, when the Government would be in danger, he will be able to rely on the 13 Liberals.  
 Yesterday's meeting was a severe setback for Mr. Smith, who has been by far the most vocal critic of the pact. Although a number of MPs continue to have doubts on the blanket renewal of the pact, they did not back his demand for it to be broken off altogether.  
 Although Mr. Grimond, the former party leader, was not present, he had sent a letter to Mr. Steel declaring his opposition to continuing the agreement. "I am against the pact. The long-run danger which I see is that the more Liberals collaborate with Labour the more difficult it will be to break out."  
 When Mr. Smith left the meeting he said he was "extremely disappointed" and that he would carry his battle against the pact to the party conference at Brighton in late September. He is to address a special meeting on the pact during conference week and he said he would decide whether to after that. While the Liberals are now seeking a confirmation from Mr. Callaghan that he will insert into the Queen's Speech for the next session the high proportion of their 10-point "shopping list."  
 This includes reform of the taxation system, the Official Secrets Act, and the introduction of a form of industrial democracy as well as the Government's proposals on devolution and direct elections to the European Parliament, which have already been published.

**Prices chief forecasts fall in inflation**

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE UNDERLYING rate of inflation in the shops should start falling shortly and continue falling until, perhaps, the early spring, according to the Price Commission's latest quarterly report.  
 The rate of increase in the Commission's own index of price rises notified to it has shown a sharp drop since March, and is expected to continue declining until December, by when it could be showing an increase of 10 per cent, during the six-months projected on an annual basis.  
 Movements in the Commission's index normally precede changes in the Retail Price Index by two to four months. This suggests that the RPI figures should certainly start improving in August—not this month—when calculated on the Price Commission basis, and that the improvement should be sustained until at least February. At this point the next round of pay settlements could start taking its toll on the RPI.  
 Presenting his last quarterly report before handing over the chairmanship of the Commission to Mr. Charles Williams, Sir Arthur Cockfield said that there was now a real opportunity of achieving a substantial and continuing reduction in the rate of inflation.  
 Next month the present framework of controls on companies' profit margins and individual

price rises will be replaced by a new system, combining the existing profit margin ceilings with a new form of investigation into price rises.  
 Sir Arthur warned yesterday that a sustained reduction in the rate of price increases would depend both on a reasonable limit of pay settlements after August 1 and on industry behaving reasonably and responsibly in relation to its pricing policy.  
 The report, which covers the three-month period to May 31, shows that there was a sudden upsurge in price rises notified to the Commission in March. Increases notified by Britain's biggest companies were the highest in terms of numbers in the Commission's four-year history, and the highest for more than two years in terms of money.  
 The Commission's index of notifications in March showed an increase on a six-month annualised basis of 21 per cent, the highest figure for nearly two years. Sir Arthur said the Commission believes that this sudden rise has burnt itself out.  
 In June its index showed an increase of 15 per cent on the same basis which the Commission regards as the most accurate measure of the underlying rate of inflation.  
 Sir Arthur said yesterday that the figures for July were also encouraging.  
 Report Page 31

**NatWest says bank charges may go up**

BY MICHAEL BLANDEN

A WARNING that bank customers could face further increases in charges was given yesterday by Mr. Alex Dibbs, chief executive of National Westminster Bank.  
 He said that at present the bank had no application for higher charges in front of the Price Commission and no immediate plans to put forward any changes. But he added that the bank was keeping its charges under review and his ideas for changes "written down in pencil."  
 Mr. Dibbs was reporting on the results for the first half of this year which showed that NatWest produced pre-tax profits of £108.9m, slightly higher than in the second half of last year and 37 per cent better than in the comparable period of 1976. This followed the gains shown last week by Lloyds and Midland.  
 The bank raised its charges for personal current account customers in the middle of last year, though NatWest maintained the qualification for free banking at a minimum balance of 550 in the account. It reckoned as a result

that 80 per cent of personal current account customers remained in credit would pay no charges.  
 Mr. Dibbs said yesterday that the bank was, however, feeling the effects of inflation, and had not reached the stage where it was recovering the costs of running current accounts. It was calculated that the effective overhead cost of interest-free current account money to the bank worked out at around 71 per cent.  
 The good results for first half reflected a reasonably sustained performance in domestic banking and a better contribution from the international side, though growth there was less than had been hoped—and from the bank's subsidiary companies.  
 Mr. Robin Leigh Pemberton, the chairman, warned, however, that the second-half result was likely to match the first-half figure. The bank said that it had made adequate allowance in its forecasts for higher wage costs after the end of Phase Two of the pay policy, and recognised that there were some anomalies which could be corrected.  
 Company report Page 29

**EEC approves temporary import curbs on textiles**

BY DAVID SUCHAN

BRUSSELS, July 26

FOREIGN MINISTERS of the Nine today unanimously approved temporary Community-wide curbs on textile imports until the end of the year.  
 It is being assumed here that France, having gone along with these measures in the Council, will drop—as it is required to do—its own unilateral textile import restrictions introduced a few weeks ago without the Commission's approval.  
 The Community measures were proposed mainly with the intention of heading off unilateral French action.  
 The new EEC measures affect imports of cotton yarn, T-shirts, men's and women's shirts, chiefly from Mediterranean countries into EEC countries, mainly France.  
 To win French approval, the Council today slightly toughened the Commission's proposals, particularly on cotton yarn from Spain and shirts from North Africa into France.  
 The new Community textile curbs last until the end of the year when it is hoped that bilateral accords negotiated in the framework of guidelines agreed over the week-end for a new Multi-fibre Arrangement can take over.  
 But M. Louis de Guiringaud,

the French Foreign Minister, today claimed the Commission had "clearly gone beyond its mandate" in agreeing to those guidelines which are not precise or restricted enough for French satisfaction.  
 With France in a minority, one, the Council approved what the Commission has so far achieved in the Geneva MFA talks.  
 But it is the private view of some EEC Commission officials that France, which publicly disassociated itself from the EEC Commission in the Geneva Textile Committee, is out to wreck the chances of renewal of the MFA.  
 It is felt that the French are hoping that in the textile free-for-all which would result next year from a total MFA collapse, Europe would be able to block imports as it liked.  
 Rhys David writes from Manchester: EEC is being urged by British textile interests to maintain a tough line in the negotiations on future textile import levels due to take place with individual supplying countries following the suspension of the Geneva talks.  
 The main suppliers are likely to be invited to Brussels soon by the EEC to discuss arrangements for trade in textile items over the next few years within the framework of the protocol agreed at the Geneva talks.  
 The British textile industry is warning, however, that a decision to go for bilateral talks before agreement on a new MFA—the reverse of the procedure originally intended—must not be an excuse for any delay in negotiation.  
 Dr. Brian Smith, president of the British Textile Federation, said yesterday that it was important for the orderly development of world trade that the suspension should mean only a temporary halt in discussions.  
 "Little time remains before the expiry of the present MFA on December 31," he said. "The negotiating partners are now well aware of the terms of the EEC mandate and must recognise the Community's special problem."  
 The solution lies in the immediate start of bilateral negotiations on produce trading agreements by the end of the year," he said.  
 Dr. Smith said the EEC must stand by its mandate and its negotiating partners in their own interest should show understanding and agree a better balance in international trade.

**New rift between Israel and U.S. over West Bank**

BY ANTHONY McDERMOTT

A FUNDAMENTAL disagreement has emerged between the U.S. and Israel, just two days after the visit to Washington of Mr. Menahem Begin, the Prime Minister.  
 On his return, Mr. Begin had claimed that he had ended the "bitter confrontation" between Washington and Israel caused by the previous Israeli Government. But yesterday the U.S. Government was sharply critical of Israeli policies on the West Bank.  
 The disagreement occurred because Mr. Begin's Government yesterday gave full recognition

to three Jewish settlements on the occupied West Bank of Jordan. The U.S. has always opposed the establishment of settlements in the occupied Arab territories.  
 In an unusually blunt statement, Mr. Hodding Carter III, the State Department spokesman, said, "We have consistently made clear—even in the recent talks between the President and Mr. Begin—our view that the establishment of settlements in the occupied territories is not only contrary to the Fourth Geneva Convention, but also constitutes an obstacle to progress in the peace-making process."

**Seven nations discuss plan for controlling nuclear fuel**

BY DAVID FISLOCK, SCIENCE EDITOR

NUCLEAR officials from the seven nations represented at the London summit talks in mid-May meet in Paris today to work out a framework for an international exercise in controlling the proliferation of nuclear explosives.  
 Heads of state at the summit proposed that nuclear experts should spend the next two months working out plans for a study called the International Nuclear Fuel Cycle Evaluation Programme.  
 The purpose of the programme, involving a score or more of nations, will be to find out what fast technologies which might afford significant advantages in reducing the risks of proliferation.  
 A framework agreed by the seven today in June was abandoned when the French withdrew their support.  
 One major difficulty the officials have faced has been the U.S. Government's enthusiasm for framing the programme as a way of demonstrating the correctness of President Carter's new anti-proliferation policy, rather than as a dispassionate evaluation of alternative technologies—including the one abandoned.  
 It has demonstrated that one alternative which has been promoted, the thorium fuel cycle, can lead to a nuclear explosive just as readily as plutonium, with about the same amount of material.  
 According to Sir John Hill, chairman of the U.K. authority, the conclusion of studies since the summit is that the greatest promise appears to lie in tightening control of the existing fuel cycle.  
 He believes this could be implemented in three steps. The first would be to transport plutonium from the civil nuclear power programme only in the form of a mixture of plutonium and uranium oxides, making it more difficult for anyone to separate pure plutonium.  
 The second step would be to transport plutonium only in the form of fabricated fuel elements, using the heavy containers used to transport radio-active spent fuel.  
 The third step—a very safe way—would be to irradiate all plutonium fuel before it left the production plant, so that it was dangerously radio-active for at least a short while.  
 The authority believes enough radioactivity could be induced if a batch of about 30 fast breeder reactor fuel assemblies were brought together to form a "critical mass." Such a mass would be self-irradiating.  
 The authority examined the idea of using the 35MW experimental advanced gas-cooled reactor at Windscale to irradiate fast reactor fuel, but concluded that a self-activating reactor would be simpler and more convenient. It is designing such a reactor to estimate the cost more accurately.

This is the nuclear fuel cycle involving the reprocessing of spent nuclear fuel and its recycling as fuel for the fast breeder reactor.  
 The seven have been making individual studies of technologies which, although discarded earlier in favour of the economic advantages of the reprocessing cycle, may have appreciable anti-proliferation advantages.  
 The U.K. Atomic Energy Authority has reached the conclusion that no alternative fuel cycle of which it is aware has significant anti-proliferation advantages.  
**Studies**  
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**Jobless**

the Government accepted its share of responsibility, but argued that there was no quick or easy answer to the problem. Mr. Albert Booth, the Employment Secretary, said there should be a decline in youth unemployment in September as a result of the special measures taken. He also drew attention to the signs of a recovery in employment in industries such as chemicals, electrical engineering, vehicles and general manufacture. "But we shall need to make substantial progress in the rest of the year if 1977 is not to go down as the worst for unemployment since the war," he said.  
 The renewed rise in unemployment has taken place in spite of the measures already adopted by the Government to stem the increase. It has been aggravated by the bulge in the numbers leaving school—the total this summer is expected to be around 585,000 in Great Britain against 545,000 last year.

**Law lords reverse Gouriet appeal**

Continued from Page 1

act, the unions had immunity to undertake industrial action.  
 The Lords had reversed Lord Denning's support for Thomas Fuller's words of 300 years ago: "Be you ever so high the law is above you."  
 In its place, said Mr. Gouret, we had reached a state in which "be you ever so low the law will not protect you."  
 Mr. Gouret said he had no idea yet what the final bill would be for court costs which he has been ordered to pay—both in the Appeal Court and in the Lords. Outside estimates have put them at about £20,000.  
 The National Association for Freedom was planning to appeal

for donations from people who supported its stand.  
 The decision would make it far harder for the association to work through the courts in the future, said Mr. Gouret.  
 "Preventive justice was ruled out, leaving the association only the option of bringing criminal prosecutions. Such cases took months to be heard, however."  
 The possibility of bringing such a criminal prosecution against Sir William Ryland, chairman of the Post Office, over the Crickelewood sorting office dispute was under consideration.  
 Mr. Sillkin said yesterday: "I am naturally very pleased, but I am not surprised because I fully expected the result and thought that the Court of Appeal was clearly wrong in that part of their judgment which was against me."  
 It is understood that the UPWF, whose instruction to its members in January to boycott post and telephone calls to South Africa for a week sparked the legal action, is not planning to reintroduce the South Africa ban.  
 The Post Office Engineering Union said last night that it welcomed the decision. "We wish to reaffirm our right to take industrial action when it is necessary in the same way as other unions," it said.

**Weather**

CLOUDY showers, rather cool. London, S.E., Cent. S., Midlands cloudy, sunny intervals. Wind N.W. Max. 13C. E. England, Anglia cloudy, bright intervals, showers. Wind N.W. Max. 18C. Channel Is., S.W. England, S. Wales sunny intervals, showers. Wind N.W. Max. 16C. N.W. England, N. Wales, Lake Dist., Isle of Man, S. Scotland, N. Ireland cloudy, sunny intervals, scattered showers. Wind N.W. Cent. N., N.E. England, Borders, Aberdeen, Cent. Highlands, Hebrides, Firth of Clyde, N. Scotland Orkney, Shetland cloudy, bright intervals, showers. Max. 16C (61F).  
 Outlook: Showers, possibly heavy and prolonged, sunny intervals, cool.

**BUSINESS CENTRES**

City	5 Day	7 Day	City	5 Day	7 Day
Alexandria	28	28	Luzern	15	15
Amman	28	28	Madrid	15	15
Antwerp	22	22	Manchester	15	15
Athens	22	22	Melbourne	20	20
Bahrain	28	28	Mexico	20	20
Bangkok	28	28	Nairobi	14	14
Beirut	28	28	Osaka	20	20
Bombay	28	28	Perth	15	15
Buenos Aires	15	15	Rangoon	20	20
Calcutta	28	28	Rio de Janeiro	20	20
Cairo	28	28	Singapore	28	28
Cardiff	15	15	Stockholm	15	15
Cebu	28	28	Sydney	15	15
Colon	28	28	Taipei	20	20
Copenhagen	15	15	Tokyo	20	20
Dublin	15	15	Toronto	15	15
Hankow	28	28	Valencia	15	15
Hong Kong	28	28	Wellington	15	15
London	15	15	Zurich	15	15

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